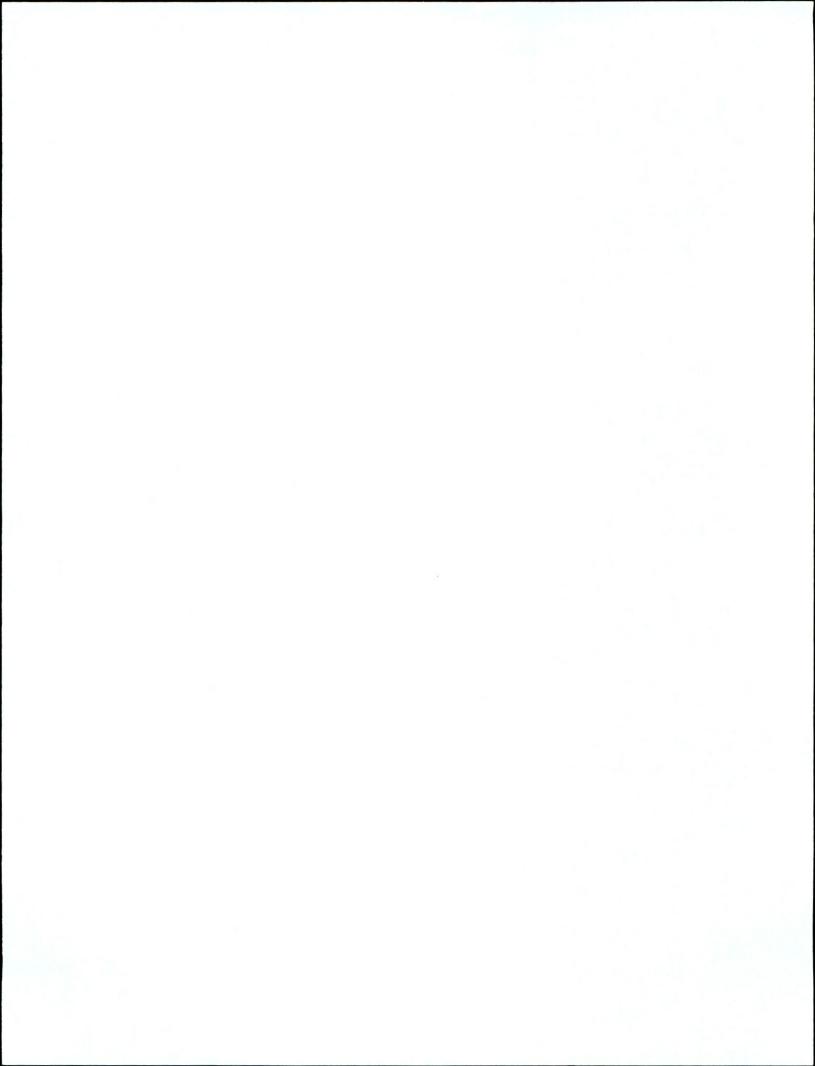


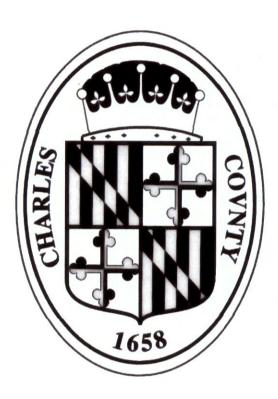
# **Comprehensive Annual Financial Report**

For the Fiscal Year Ended June 30, 2009



## CHARLES COUNTY, MARYLAND

#### COMPREHENSIVE ANNUAL FINANCIAL REPORT



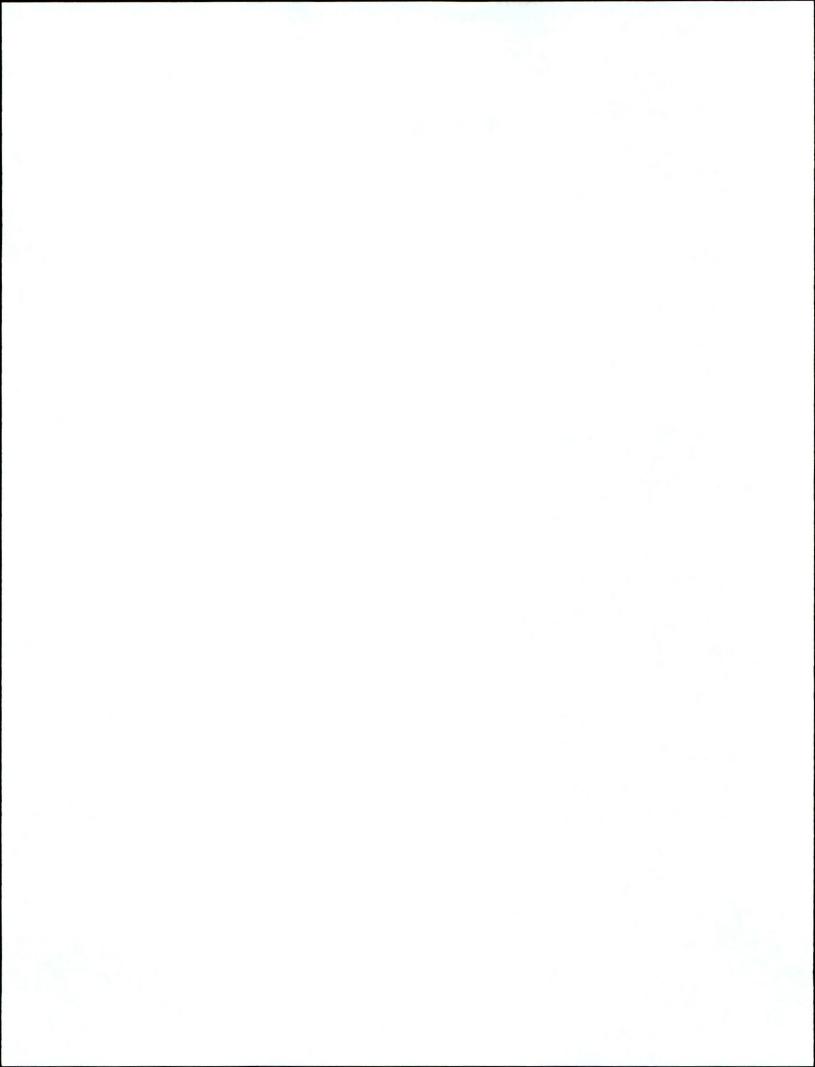
For the Fiscal Year Ended June 30, 2009

Prepared by: Department of Fiscal Services Charles County, Maryland

Deborah E. Hudson, CPA Director of Fiscal & Administrative Services

> Rebecca B. Bridgett, Ed.D County Administrator

> > www.charlescounty.org



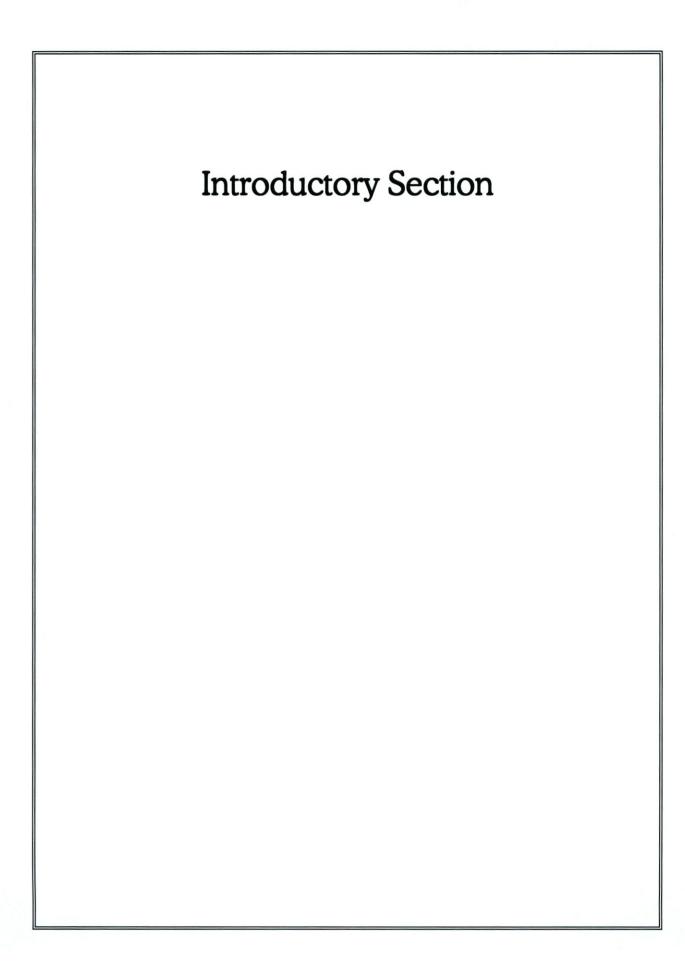
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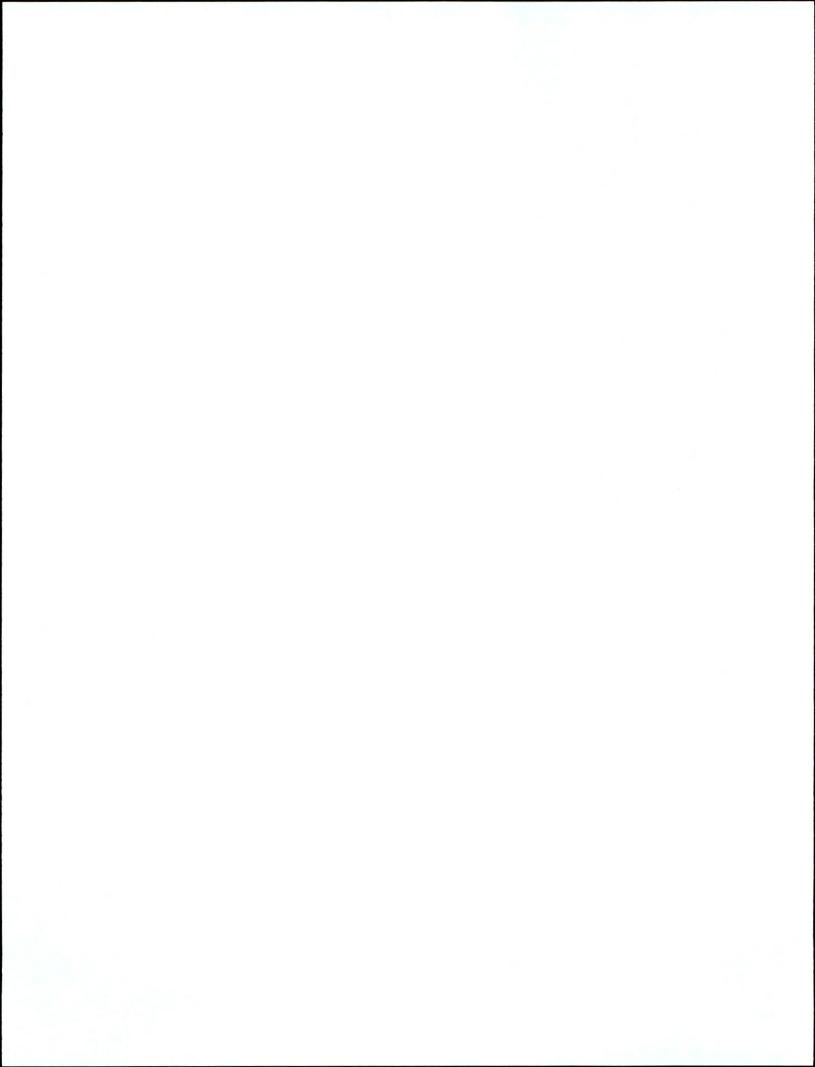
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#### CHARLES COUNTY GOVERNMENT

Department of Fiscal & Administrative Services Deborah E. Hudson, CPA Director



December 23, 2009

To the Honorable Charles County Commissioners and the Citizens of Charles County, Maryland

The Comprehensive Annual Financial Report of Charles County, Maryland for the Fiscal Year ended June 30, 2009 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that Charles County annually issue a report of its financial condition and that this report be audited by an independent firm of licensed Certified Public Accountants. The audited Financial Statements must be submitted to the State of Maryland by November 1<sup>st</sup> each year. Responsibility for the accuracy of the County's financial records, including all required disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of Charles County Government. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

This report consists of management's representations concerning the finances of Charles County Government. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with U.S. generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Clifton Gunderson LLP, Independent Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity

with U.S. generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non Profit Organizations. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued single audit report.

GASB requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be used in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

#### Profile of the Charles County Government

Charles County, Maryland was created in 1658 by an Order in Council. The County was named for Charles Calvert (1637-1715), 3<sup>rd</sup> Lord Baltimore. Calvert lived in Maryland from 1661 until he returned to England in 1684. He was Proprietor of the Maryland colony from 1675 to 1689, when he lost his right to govern. From 1692 until Calvert's death in 1715, Maryland was governed as a royal colony.

Form of Government. The County operated under the Commissioner form of government until March 2003 when the Code Home Rule form of government was adopted. Policy-making and certain legislative authority are vested in the Board of County Commissioners consisting of five Commissioners who are elected for four-year terms. The President of the County Commissioners, who must declare his or her candidacy at the time of filing, is elected County-wide and may reside anywhere within the County. The other four Commissioner members also run County-wide, but one must reside within each of four Commissioner districts. The President serves on a full time basis and the other Commissioners serve in a part-time capacity. The Board meets twice weekly at the Charles County Government Building in La Plata, Maryland. Other elected officials in the County include four Resident Judges of the Circuit Court, Clerk of the Circuit Court, States Attorney, Sheriff, Register of Wills, Judges of the Orphans' Court (3), and members of the County Board of Education (7). In FY2011, the Treasurer position will become a hired position at the conclusion of the current term set for November 2010.

The County serves a population of approximately 142,612 and provides a full range of municipal services enacted by statute or charter. These include public safety, education, sanitation, transportation, public health, social services, recreation, public improvements, planning and zoning, and administrative services. The three incorporated municipalities within the County are La Plata, Indian Head, and Port Tobacco. These entities are independent of the County and, as such, are not included in this report.

**Component Units.** The County is financially accountable for a legally separate school system and a legally separate library system. Both of these entities are reported separately within the County's financial statements.

Location. Charles County, Maryland, located on the Southern Maryland Peninsula between the Patuxent River and the Potomac River, adjoins Prince George's County on the north and west and St. Mary's County to the southeast. It occupies 502 square miles, of which 458 are land and 44 are waters. The town of La Plata, the County seat, is 71 miles from Baltimore, and 32 miles from Washington, D.C. The County's executive offices are located in the County Government Building, 200 Baltimore Street, La Plata, Maryland 20646.

**Budget.** The annual budget serves as the foundation for the County's financial planning and control. The County Commissioners are required to adopt a final budget no later than the close of the prior fiscal year. The budget is prepared by fund, function and department. Department heads may make transfers up to \$2,000 within a department, with approval by the Fiscal & Administrative Services Director. Transfers between \$2,001 and \$15,000 require the approval of the County Administrator, between \$15,001 and \$35,000 require the approval of the President of the County Commissioners and transfers over \$35,001 require the approval of the full Board of Commissioners. Transfers between departments require the special approval of the County Administrator or the Board of Commissioners depending on the dollar amount. Increase or decrease to total budget is allowed only with the Board of Commissioners approval.

Budget-to-actual comparisons are provided in this report for the General Fund for which an appropriated annual budget is adopted. This comparison is presented on page 90 as part of the required supplementary information.

#### Economic Condition and Outlook

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

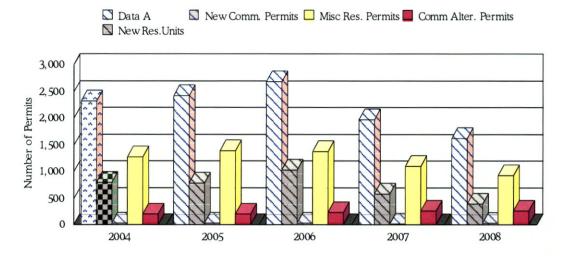
Local Economy. The Southern Maryland region (consisting of Charles County, St. Mary's County and Calvert County) continues to receive attention as a result of the tremendous expansion of the Patuxent River Naval Air Base, which is now designated as the primary training center for the entire U.S. Navy. The geographic location of our County, almost evenly situated between the Pentagon and the Naval Base, makes Charles County an excellent choice for both business and residential relocation. The Naval Surface Weapons Center (NSWC), a base located within Charles County in the Town of Indian Head, is home to the second largest workforce in Charles County. NSWC has continued to expand, and currently this facility is the host to a multi-mission military installation. NSWC's role is contributing significantly to the growth of the County. Continued growth and economic strength have been experienced throughout the Washington, D.C. Metropolitan Area jurisdiction.

The value of building permits issued annually has generally increased each year since 1994. As a result of the current housing and economic slow down, both permits and construction values have declined from 2006 to 2008.

#### **Building Permit Summary**

Year	No. Of New Residential Units	No. Of New Commercial Permits	Number of Res. Misc. Permits	No. Of Comm. Alter./Add. Permits	Total Number of Permits	Total Estimated Construction Costs
2004	807	37	1,283	203	2,330	243,840,425
2005	783	29	1,402	209	2,423	320,473,399
2006	1,043	32	1,381	237	2,693	515,266,408
2007	581	22	1,103	271	1,977	302,263,342
2008	397	41	930	268	1,636	221,314,567

#### 5 Year Building Permit Summary



Number of Permits issued vs. Construction Costs \$550 2,800 Permits Issued Construction C \$500 2,600 \$450 2,400 suoillim \$350 2,200 2,000 \$300 1,800 \$250 1,600

As indicated in the following table, employment in the County increased from 39,766 in 2004 to 42,113 in 2008, a gain of 2,347 jobs and a 5.9% increase in total employment. Increases occurred in both the Industry Sector and the Government Sector of employment with the most pronounced increases occurring in the categories of local government and construction.

2006

2007

2005

1,400

2008

\$200

2004

Five-Year Employment Statistics Persons Employed by Industry and by Employer

	2004	2005	2006	2007	2008	% Change '04 to '08
GOVERNMENT						
Federal	2,247	2,168	2,179	2,170	2,190	-2.5%
State	387	391	388	386	391	1.0%
Local	5,530	5,694	6,076	6,338	6,592	19.2%
Subtotal	8,164	8,253	8,643	8,894	9,173	8.9%
INDUSTRY						
Services, Trans., Comm., & Utilities	26,218	27,155	27,791	27,738	27,507	4.9%
Construction	4,005	4,013	4,240	4,411	4,468	11.6%
Manufacturing	1,249	1,227	1,166	1,090	856	-31.5%
Other	130	121	130	115	109	-16.2%
Subtotal	31,602	32,516	33,327	33,354	32,940	4.2%
Total	39,766	40,769	41,970	42,248	42,113	5.9%

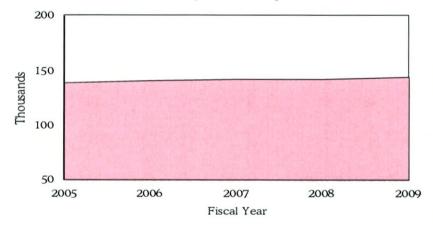
The County's unemployment rates have remained lower than that of the nation, the state and most other neighboring counties within the region. The unemployment rate for 2009 is the average through October 2009.

#### Average Annual Unemployment Rate

	2004	2005	2006	2007	2008	2009
Calvert County	3.3%	3.2%	3.4%	3.1%	3.6%	5.9%
Charles County	3.4	3.3	3.1	3.2	3.7	5.9
Frederick County	3.2	3.0	3.0	3.1	3.6	6.1
Montgomery County	3.2	3.1	2.8	2.8	3.2	5.2
Prince George's County	4.7	4.5	4.1	4.0	4.5	7.0
St. Mary's County	3.3	3.4	3.3	3.2	3.7	5.7
State of Maryland	4.3	4.1	3.8	3.8	4.4	7.1
United States	5.5	5.1	4.6	4.6	5.8	10.2

Charles County has experienced continued increases in population each year. The Census of 1990 showed the County's population at 101,154. The 2000 Census put the County's population at 121,204. This is an increase of 19% from 1990. The current population for the County is estimated to be 142,612. It is expected that population growth within the County will continue at a steady but moderate rate.





**Relevant Financial Policies.** The County Commissioners have formalized several financial policies to address their long and short term concerns. Several of these are as follows:

- 1. Review and approve five-year comprehensive plans for operating and capital budgets for all major funds. By establishing long range plans, the County measures the fiscal impact of today's decisions on tomorrow's outcomes.
- 2. An annual review of all programs that operate on an enterprise fund basis is prepared to ensure that the revenues for such programs continue in a self-supporting nature. By doing so, the Commissioners relieve the pressure of funding such programs on the general taxpayer. Major programs include Solid Waste, Water & Sewer, Recreation, Developer Inspection & Review, and the Golf Course Operation.
- 3. Monthly income statement reports are prepared for all major operations comparing year-to-date activity and year-end estimates with budget and prior year actual results. This review alerts the Board of County Commissioners to any financial problems that may require action, or operating surpluses that could be reinvested for program improvements.
- 4. When needed, the County will advance the State of Maryland's share for school construction to provide adequate classroom space, only when assurances are given by the State that the County will be reimbursed. All advanced projects have been reimbursed by the State.
- 5. Established a Fund Balance philosophy of:
  - a. Fund Balance is not considered to be an operating revenue source.
  - b. A contingency reserve is approved in the annual operating budget during the budget process to reduce the pressure on Fund Balance appropriations or operating budget costs for emergencies or revenue shortfalls.
  - c. Year-end outstanding purchase orders are applied against following year appropriations to reduce end of year spending activity.
  - d. It is the County's goal, through the use of conservative fiscal management practices, to maintain a Fund Balance in the General Fund at a minimum of 8% of operating revenues.

Long-term Financial Planning. The County implements five-year financial forecast models for all major funds to aid with both operating and capital budget plans. Our financial models have the ability to adjust current and future revenues to fulfill the desired service level requirements. The outcome of compiling financial plans is to determine the amount of additional debt that the County can issue over a five-year period in order to make fiscally sound management decisions as it relates to future infrastructure.

In 2009, the County issued bonds in the amount of \$52 million (\$50 million for general obligation and \$2 million in taxable bonds). These funds, along with other sources, financed certain public buildings, facilities, and grounds in the County and to refund certain outstanding County bonds. Significant projects include: renovations to Board of Education facilities and

various relocatable projects(\$3.7 million); improvements to other various general government facilities including a Courthouse Expansion, purchase of Sheriff's Substation, and construction of a new Library (\$21.2 million); continuation of the Rosewick Road Extension, Road Overlay program and various road upgrades (\$3.8 million); various park projects including the Indian Head/White Plains Trail (\$780 thousand); storm water retrofit projects and various environmental projects (\$550 thousand); and several water and sewer projects, including a new water tower, various water main extensions, and upgrades to sewer treatment plants(\$5.8 million).

The proceeds of the Taxable Bonds in the amount of \$2,000,000 will be applied to finance a road project for American Community Properties Trust ("ACPT").

The County's debt service levels have remained well below the legal debt margin for the past five years as a direct result of the extensive financial planning that is conducted from both a capital and operating budget perspective. The Commissioner's target debt ceiling limit of 8% provides a sturdy framework from which to make long-term financial decisions.

**Major Initiatives.** The County's Fiscal Year 2010 budget reflects long-range goals of achieving many goals set forth to improve the overall quality of life in Charles County. The following are a few of those objectives:

#### Improve Economic Development

Economic development plans within the County not only offer our citizens opportunities to work close to home, but also help to create a revenue base that will allow future reduction of the tax burden on County residents. In FY06, the County merged with the Economic Development Commission to form the County Economic Development Department. This addition has created the opportunity to improve on goals that had been set in previous years and set new ones in motion.

- Support NSWC through the Indian Head Defense Alliance and the provision of necessary resources.
- Promote and market all Business Parks including the Indian Head Technology Park. Evaluate White Plains site for future transit oriented design/light rail stop.
- Aggressively pursue attracting defense and government-related agencies and contractors.

#### Improve Infrastructure

Through proper planning and foresight the County will continue to build upon the needs of its citizens through improvements to and the addition of needed infrastructure.

- Consider long-term stormwater management maintenance options and, in interim, work with communities for solutions where specific stormwater issues arise.
- Continue to pursue park opportunities, work toward assuring recreational opportunities and amenities are available throughout the County.

#### Support the Achievement of Education Benchmarks

Provide adequate financial resources and public facilities system to achieve established benchmarks and other school system academic and personal responsibility goals.

- Complete a comprehensive Capital Improvement Project outlook for new school capacity needs going into FY10-14. Examine different, more efficient ways to finance, complete and operate new school construction.
- Examine potential prototype schools at each level for replication in Charles County. Assure that FY10 budget provides for enhanced special needs funding.

#### Maintain a High Level of Public Safety

Maintain lowered levels of violent crime rates, adequate response times, and security measures to keep our citizens safe.

- Remain vigilant to community health issues, including those of epidemic proportions like the H1N1 virus.
- Improve Health Department involvement and oversight in monitoring water quality as it relates to drinking water and recreational use of water in the County's rivers. Develop better communication with State regulatory agencies to insure that County water ways are not being polluted.

In summary, the Fiscal Year 2010 economic outlook for the County is stable. Property tax revenues continue to increase as the tax liability continues to move towards the assessment value. The homeowner tax credit has assisted in a slower but constant growth pattern despite fluctuations in the housing market. Local income tax continues to increase although at a much slower rate due to the economic recession.

#### Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Charles County, Maryland for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This is the seventh consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principals and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this comprehensive annual financial report was made possible by the dedicated services of the staff of the Department of Fiscal Services Accounting Division. Special recognition is given to Lisa Wood, Accountant, for her coordination and management of the preparation of these statements and to the Budget Division for providing much of the statistical information included. Each member of the Department of Fiscal Services, as well as members of other Departments who assisted and contributed information, has our sincere appreciation for their efforts.

The County has also received the Government Finance Officers Association (GFOA) Award for Distinguished Budget Presentation for its annual appropriated budget dated July 1, 2008 to June 30, 2009. This is the fourteenth year in a row in which the award has been received by the County. In order to qualify for the Distinguished Budget Award, the County must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications medium.

We would also like to thank the County Commissioners for their leadership and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,

Deborah E. Hudson, CPA

Director of Fiscal & Administrative Services

William G. DeAtley Chief of Accounting

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

# Charles County Government Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

WHITE STATES OF ANALYSIS CAMADA CORPORATION SEAL OF CORPORATION SE

President

**Executive Director** 

# CHARLES COUNTY, MARYLAND GOVERNMENTAL ORGANIZATION CERTAIN ELECTED AND APPOINTED OFFICIALS

#### CERTAIN ELECTED OFFICIALS

President, County Commissioners

County Commissioners

Wayne F. Cooper Dr. Edith J. Patterson

Gary V. Hodge

Samuel N. Graves Jr. Reuben B. Collins II

County Treasurer

Jerome E. Peuler, Jr.

County Sheriff

Rex W. Coffey

#### CERTAIN ADMINISTRATIVE OFFICIALS

County Administrator

County Attorney

Director of Human Resources

**Director of Community Services** 

Director of Planning & Growth Management

Director of Public Facilities

Director of Utilities

Director of Fiscal & Administrative Services

Director of Emergency Services

Director of Economic Development

Internal Auditor

Rebecca B. Bridgett, Ed.D

Roger L. Fink

Stephen A. Brayman

Karen Lehman Cieplak

Melvin C. Beall, Jr.

Willis C. Proper

William A. Shreve, Sr.

Deborah E. Hudson, CPA

William D. Stephens

George L. Robertson

Amanda J. Windsor

Independent Auditor

**Bond Counsel** 

<u>Financial</u>

Advisor

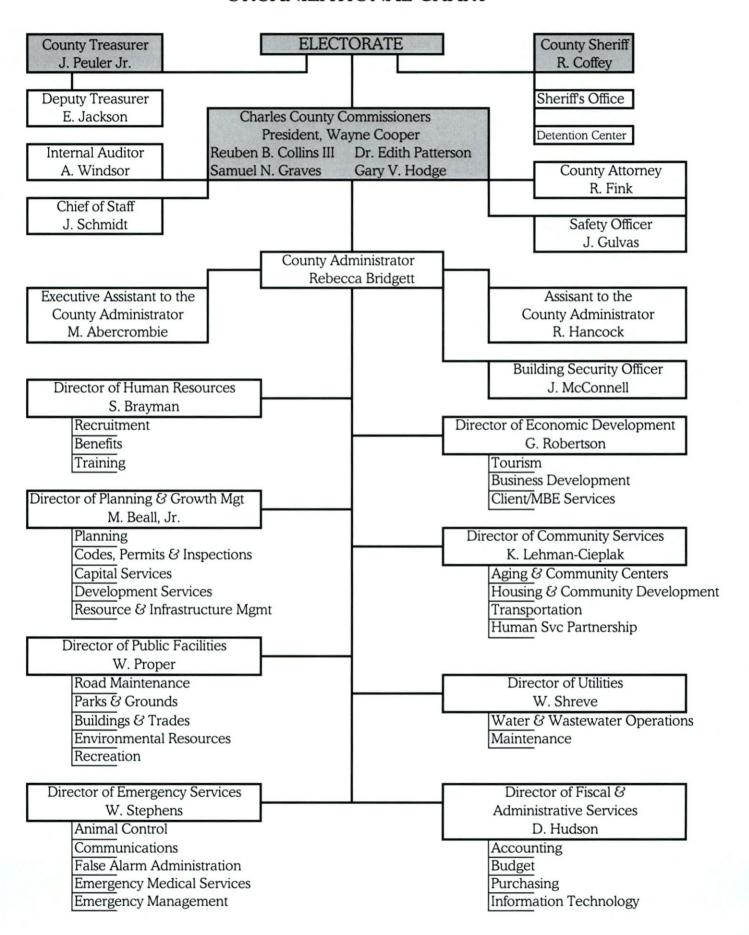
Clifton Gunderson LLP McGuire Woods LLP 9515 Deereco Road 7 Saint Paul Street, Suite 100

Timonium, MD 21093 Baltimore, MD 21201

Davenport & Company LLC 8600 LaSalle Road, Suite 324

Towson, MD 21286

# CHARLES COUNTY GOVERNMENT ORGANIZATIONAL CHART



## CHARLES COUNTY LOCATION MAP New York Pittsburgh Harrisburg **PENNSYLVANIA** NEW Philadelphia **JERSEY** Atlantic City \_ Baltimore Morgantown Annapolis Winchester Washington, D.C. Alexandria **DELAWARE CHARLES** WEST COUNTY **VIRGINIA** Richmond **VIRGINIA NORTH CAROLINA** Prepared by the Charles County Department Of Planning and Growth Management - Mapping

# Charles County Government

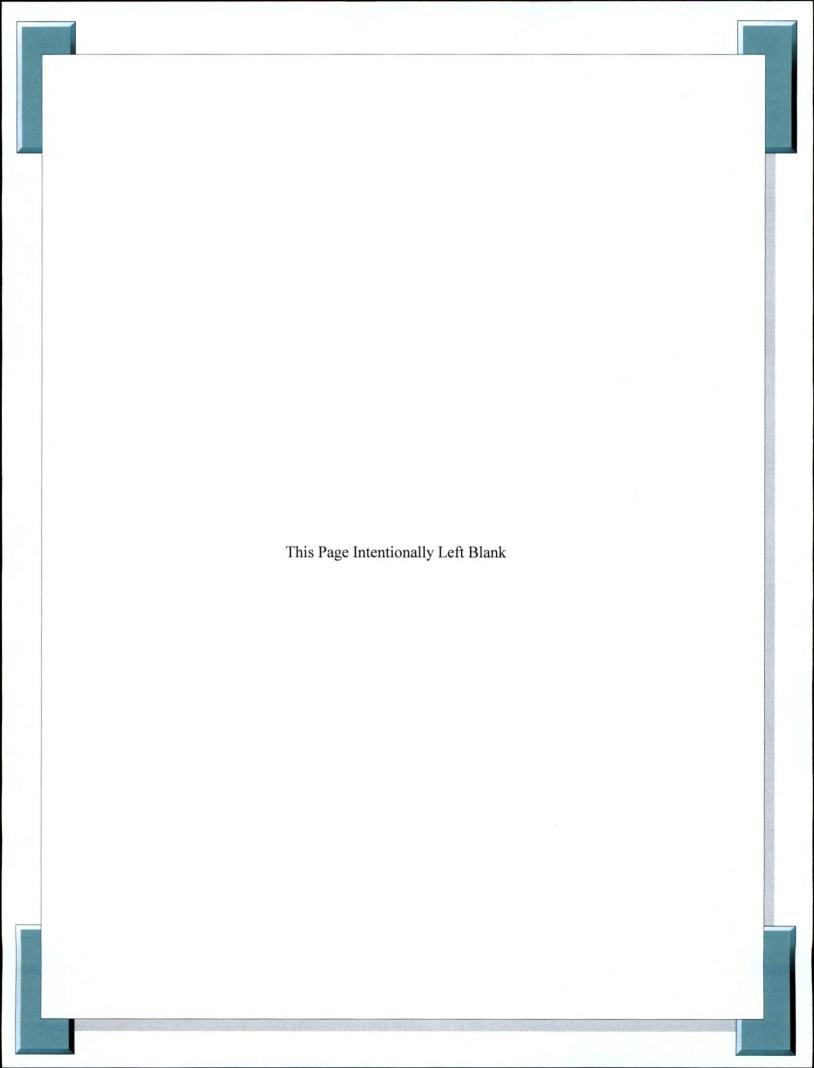
### Our Mission

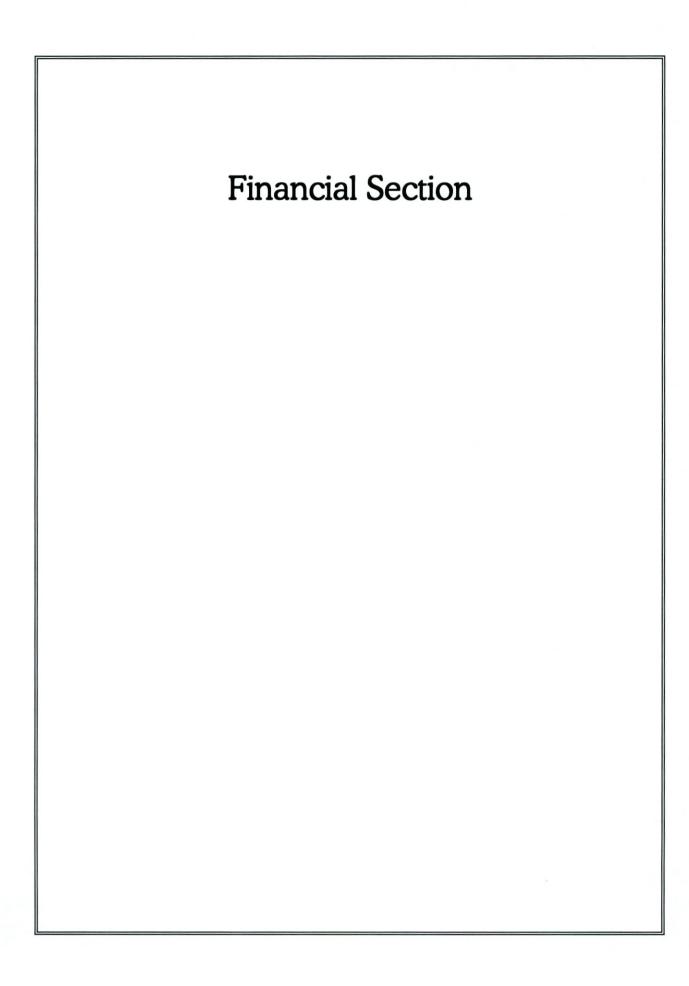
The mission of the Charles County Government is to provide our citizens the highest quality of service possible in a timely, efficient, and courteous manner. To achieve this goal, our government must be operated in an open and accessible atmosphere, be based on comprehensive long and short term planning, and have an appropriate managerial organization tempered by fiscal responsibility.

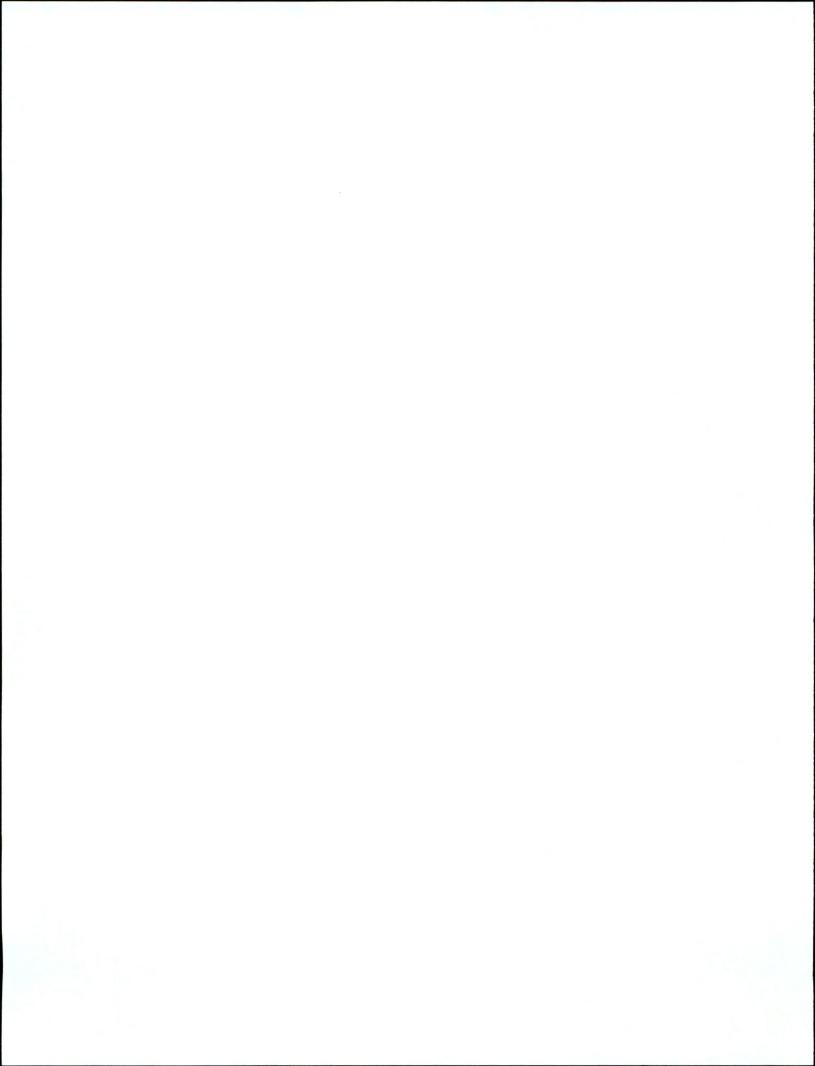


## Our Vision

Charles County is a place where all people thrive and businesses grow and prosper; where the preservation of our heritage and environment is paramount; where government services to its citizens are provided at the highest level of excellence; and where the quality of life is the best in the nation.









#### **Independent Auditor's Report**

The County Commissioners of Charles County La Plata, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The County Commissioners of Charles County (the County), as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Board of Library Trustees for Charles County, Maryland, a discretely presented component unit, which represents 0.37 percent of the assets, .08 percent of the net assets, and 1.13 percent of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as they relate to the amounts included for the Board of Library Trustees for Charles County, Maryland are based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 6, 2009 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of



internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Audit Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary information as listed on the table of contents and the schedule of employer contributions and schedule of funding progress for the sheriff's office retirement plan and schedule of employer contributions and schedule of funding progress for the county employees retirement plan included in note 6 and schedule of funding progress and schedule of employer contributions to the OPEB plan included in note 7 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information such as the introductory section, combining and individual fund statements and schedules, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Gunderson LLP

Calverton, Maryland

November 6, 2009

#### Management's Discussion and Analysis

Our discussion and analysis of the financial performance of The County Commissioners of Charles County, Maryland provides an overview of the County's financial activities for the Fiscal Year ended June 30, 2009. We encourage readers to use the information presented here in conjunction with the financial statements (beginning on page 21), and the accompanying notes to those financial statements (beginning on page 38).

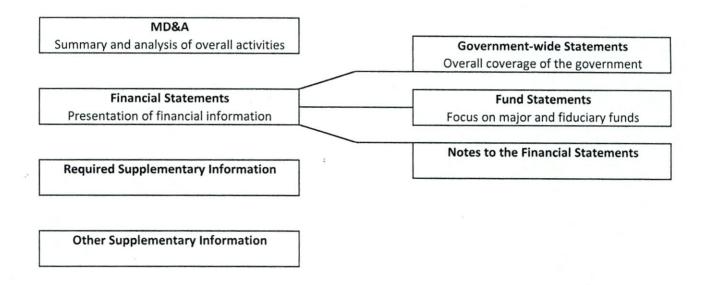
#### Financial Highlights

- ★ The government-wide assets of Charles County exceeded liabilities at the close of the current fiscal year by \$399.4 million (*net assets*). A decrease in assets is primarily due to a revenue budget shortfall from lower than expected income tax and interest income earnings. The economic recession has directly impacted many of the County's revenue sources.
- ★ The County's change in net assets was a reduction of \$1.9 million.
- As of the close of the current fiscal year, Charles County's governmental funds reported a combined ending fund balances of \$77.4 million, a decrease of \$18.3 million from the prior year. Approximately 60% of this total amount, \$46.2 million, is available for spending at the government's discretion (unreserved fund balance).
- ★ Unreserved undesignated fund balance for the General Fund was \$2.4 million or less than 1% of General Fund expenditures at June 30, 2009. The County's revenue policy sets a goal to establish fund balance at a minimum of 8% of operating revenues. For FY2009, \$23.4 million of fund balance is designated as Policy Target of the total \$42.1 million.
- ★ The County maintains a long-term fiscal plan that calls for the reinvestment of fund balance over the course of the next five years of approximately \$8 million to fund capital projects, another \$6 million to fund debt service associated with new schools, and \$2.5 million to fund public school education needs.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's financial statements. Charles County's financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the financial statements themselves. The diagram below illustrates how each element of the statements can be used to enhance the overall understanding of the information presented.

#### Financial Statement Presentation



#### Government-wide financial statements (Reporting on the County as a Whole)

The government-wide financial statements are designed to provide readers with a broad overview of Charles County Government's finances, in a manner similar to that of a private-sector business. The Statement of Net Assets and the Statement of Activities are prepared using the accrual basis of accounting.

The Statement of Net Assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Historical trending of these increases and decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, education, highway and street maintenance, health, parks, and recreation. The business-type activities of the County include water and sewer services, solid waste management, environmental services (recycling) programs, golf course operation, recreation programs, vending, and development services (plan review and inspection).

The government-wide financial statements include not only the operations of Charles County Government itself (known as the primary government), but also the legally separate organizations of the Board of Education of Charles County, Maryland, and the Board of Library Trustees for Charles County, Maryland (component units). The financial information for these component units is reported separately from the financial information presented for the primary government. The government-wide financial statements can be found on pages 21-23 of this report.

#### Fund financial statements (Reporting on the County's Most Significant Funds)

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is more narrow than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Charles County Government maintains twenty-one individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, the Capital Projects Fund, and the Debt Service Fund, which are considered to be major funds. Data from the other eighteen governmental funds are combined into a single, aggregated presentation in the governmental fund financial statements. The governmental fund financial statements can be found on pages 24-27 of this report.

<u>Proprietary funds</u> - Proprietary funds include internal service funds and enterprise funds. An internal service fund is an accounting device used to accumulate and allocate costs internally among the County's various functions. Charles County does not maintain any internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer services, solid waste management, environmental services programs, golf course operations, recreation programs, vending and development services.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, which is considered to be a major fund of the County. The remaining six enterprise funds are combined into a single, aggregated presentation in the proprietary fund

financial statements. The proprietary fund financial statements can be found on pages 28-31 of this report.

<u>Fiduciary funds</u> - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. Fiduciary funds include four fund types - pension trust funds, investment trust funds, private-purpose trusts, and agency funds. The County does not maintain any investment trust funds or private-purpose trusts. The three trust funds maintained by the County are the Sheriff's Office Retirement Plan. the County Employees Retirement Plan, and the OPEB Trust plan. The single agency fund that the County maintains is the Volunteer Emergency Services LOSAP plan. The fiduciary fund financial statements can be found on pages 32-33 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to developing a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-88 of this report.

**Required supplementary information.** In addition to the financial statements and accompanying notes, this report presents certain required supplementary information that is not considered a part of the financial statements. Included in this section is a budgetary comparison for the General Fund, which demonstrates compliance with the annually adopted budget. This information can be found on page 90 of this report.

Other supplementary information. Other supplementary information includes the Combining Balance Sheet and the Combining Statement of Revenues, Expenditures and Changes in Fund Balance for other non-major governmental funds. Also presented here are the Combining Statement of Net Assets, the Combining Statement of Revenues, Expenses and Changes in Net Assets, and the Combining Statement of Cash Flows for the other non-major proprietary funds. These reports can be found on pages 102-119 of this report.

#### Government-wide Financial Analysis

As noted earlier, trend analysis of net assets may serve as a useful indicator of a government's financial position. In Charles County, assets exceeded liabilities by \$399.4 million at the close of the most recent fiscal year, as shown in the summary schedule of net assets below.

By far the largest portion of Charles County's net assets, \$386.7 million (96%), reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (4%) represents resources that are subject to external restrictions on how they may be used

#### Net Assets June 30, 2009 and 2008 (amounts are presented in thousands)

		nmental vities	Business-typ Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 199,080	\$ 232,830	\$ 32,708	\$ 37,576	\$ 231,788	\$ 270,406
Capital assets, net of depreciation	432,516	392,345	184,670	173,807	617,186	566,152
Total assets	631,596	625,175	217,378	211,383	848,974	836,558
Non-current liabilities	298,865	281,923	85,230	82,077	384,095	364,000
Other liabilities	57,394	61,075	8,046	10,171	65,440	71,246
Total liabilities	356,259	342,998	93,276	92,248	449,535	435,246
Net assets:						
Invested in capital assets, net of related debt	277,294	255,344	109,407	100,098	386,701	355,442
Restricted net assets	21,012	32,866	0	0	21,012	32,866
Unrestricted net assets	(22,969)	(6,032)	14,695	19,037	(8,274)	13,005
Total net assets	\$ 275,337	\$ 282,178	\$ 124,102	\$ 119,135	\$ 399,439	\$ 401,313

# Changes in Net Assets Years ended June 30, 2009 and 2008 (amounts are presented in thousands)

	Governn Activit			siness-type Activities <u>Total</u>			
	2009	2008	2009	2008	2009	2008	
Program revenues:							
Charges for services	\$ 13,471	\$ 20,710	\$ 36,245	\$ 37,239	\$ 49,716	\$ 57,949	
Operating grants	30,173	22,157	0	0	30,173	22,157	
Capital grants	4,556	10,134	923	772	5,479	10,906	
General revenues:							
Property taxes	181,396	161,344	0	0	181,396	161,344	
Other taxes	95,158	112,276	0	0	95,158	112,276	
Other	19,706	13,649	6,136	1,735	25,842	15,384	
Total revenues	344,460	340,270	43,304	39,746	387,764	380,016	
Program expenses:							
General government	9,410	13,592	0	0	9,410	13,592	
Public safety	95,922	87,502	0	0	95,922	87,502	
Education	167,951	191,557	0	0	167,951	191,557	
Judicial	11,545	4,198	0	0	11,545	4,198	
Health	8,698	8,160	0	0	8,698	8,160	
Social services	1,848	1,943	0	0	1,848	1,943	
Community services	19,108	18,735	0	0	19,108	18,735	
Economic development	1,505	1,623	0	0	1,505	1,623	
Public facilities	14,534	31,504	0	0	14,534	31,504	
Water and sewer	0	0	23,618	25,226	23,618	25,226	
Other	21,278	18,598	14,220	14,479	35,498	33,077	
Total expenses	351,799	377,412	37,838	39,705	389,637	417,117	
Excess (deficit) before transfers	(7,339)	(37,142)	5,466	41	(1,873)	(37,101)	
Net transfers	498	515	(498)	(515)	0	0	
Change in net assets	(6,841)	(36,627)	4,968	(474)	(1,873)	(37,101)	
Net assets - beginning of yr	282,178	318,805	119,134	119,608	401,312	438,413	
Net assets - end of year	\$ 275,337	\$ 282,178	\$ 124,102	\$ 119,134	\$ 399,439	\$ 401,312	

Overall, the financial position of Charles County remained relatively constant compared to last year. The change in net assets reflects a 2% decrease for governmental activities. Governmental expenditures exceeded revenue by \$7.4 million due to a planned use of fund balance in the amount of \$4.4 million for various one-time costs and additionally an unplanned use as a result of Income Tax and Interest Income falling short of budget by another \$3 million. The severity of the economic recession directly impacted both revenue sources, as well as, many other smaller revenues sources. The business-type activities showed a 4% increase for change in net assets.

Governmental activities. To aid in the understanding of the Statement of Activities (pg 18), some additional explanation is given. Of particular interest is the format of this statement. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expenses)/Revenue and Changes in Net Assets. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the County's taxpayers. It also identifies how much each function draws from the general revenues, or if the function is self-supporting through fees and grants. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

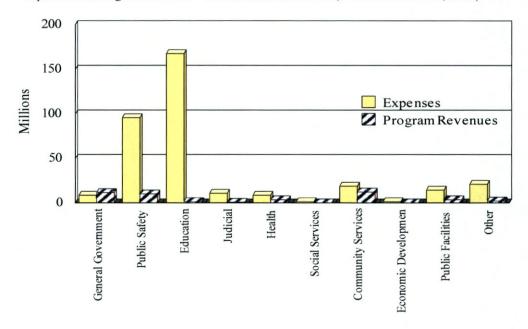
The County's major source of revenue, Property Tax, increased by \$19 million (12%) compared to FY2008. Residential and commercial property value assessments increased by 19% compared to fiscal year 2008. The County granted property tax credits for owner occupied homes by limiting the property tax increase compared to the prior year to 7%. The tax credit known as "The Homestead Tax Credit" limits a tax bill to an increase of no more than 7% over the prior year regardless of the growth in assessment value. Homestead Tax Credits equaled nearly \$24 million in property tax credits to homeowners throughout Charles County.

Recordation taxes, revenues received from transfer of property, decreased by 36% compared to Fiscal Year 2008. A slump in the real estate market caused a revenue shortfall of \$9 million compared to the original adopted budget of \$17 million. The shortfall was identified early in the fiscal year and initiated a mid-year budget cut to nearly all departments and agencies of the Government.

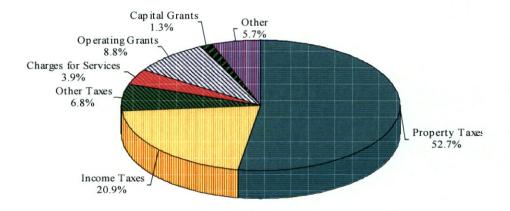
Income tax revenue had a budget shortfall of \$6 million. The full-year effect of a mid-year 2008 legislative change by the State of Maryland negatively impacted local governments' income tax revenue receipts. The tax law change combined with the economic recession resulted in much lower than expected tax revenue.

General Fund expenditures decreased by \$3 million compared to FY2008, representing a 1% decline. Public Education, Public Safety, and Debt Service combined for a \$7 million increase, or approximately 3% increase compared to FY2008. The remaining General Fund budgets saw a decrease of 15%.

Expenses and Program Revenues - Governmental Activities (Year Ended June 30, 2009)



General Governmental Revenues by Source - Governmental Activities (Year Ended June 30, 2009)

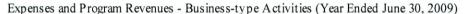


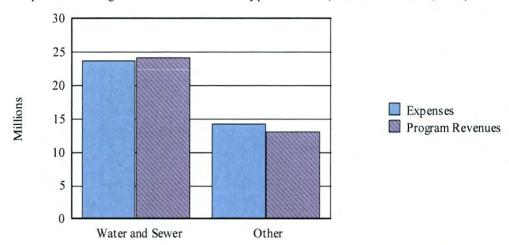
**Business-type activities.** The Water and Sewer Fund is considered a major fund for reporting purposes. For Fiscal Year 2009, the water user fee was increased by fourteen cents per thousand gallons of water consumed, and the sewer user fee was increased by thirty-one cents per thousand gallons of water consumed, for a combined water and sewer user fee rate of \$7.60 per thousand gallons of water consumed. The combined rate increase was slightly above 6% and was needed to fund the increased costs for labor and other operating costs.

The County owns and operates a landfill. The primary source of revenue is derived from tipping fees. The fee of \$70 per ton for commercial and residential refuse was unchanged compared to FY2008. The County recently completed its third expansion of the existing landfill site to accommodate local county waste.

In conjunction with the landfill operation, the County also operates recycling and environmental programs. The recycling operation helps keep reusable items out of the landfill, thus extending the life, which, in turn, defrays the cost of the landfill and defers the need for additional sites. The recycling and environmental programs are funded by an annual user fee of \$68 assessed on each improved property in the County, an increase of \$3 compared to fiscal year 2008. Additional revenue is generated from the sale of recyclable materials.

The Board of County Commissioners are committed to maintaining low tax rates and adjusting fees for services to preserve a self-supporting level. User fees are reviewed and changes are recommended on a regular basis during the County's budgeting process. There are many factors that affect user fee revenue, ranging from weather conditions to citizen participation. For example, unseasonably dry weather creates a greater demand for water, which in turn increases user fee revenue.





### Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$77.4 million, a decrease of \$18.3 million in comparison with the prior year. Approximately 60% of this total (\$46.2 million) constitutes unreserved fund balance, which is available for spending at the county's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) to fund the purchase of capital assets (\$.6 million), (2) to fund capital projects(\$22.6 million), (3) to perform services as provided by grants and contributions (\$6.4 million), and (4) for inventories (\$1.5 million).

The General Fund is the chief operating fund of the Charles County Government. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$44.5 million, while total fund balance was \$47.3 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 15% of the total General Fund expenditures, while total fund balance represents 16% of that same amount.

The fund balance of the County's General Fund decreased by \$7.4 million during the current fiscal year. Approximately \$4.4 million of the decrease was a planned (intentional) use of fund balance, another \$3 million was due to an operating loss resulting from revenue budget shortfalls.

The fund balance of the County's Capital Projects Fund decreased by \$8.2 million during the current fiscal year. The decrease in fund balance is primarily due to a transfer of \$5.7 million to the Debt Service Fund used to assist in the payment of debt service associated with school construction. The funds from the Capital Project Fund originated from developer contributions made for school construction.

The fund balance of the County's Debt Service Fund decreased by \$840,000 during the current fiscal year. This decrease is due to transfers related to the Excise Tax debt service subsidy from the General Fund and the certain timing of debt payments with the receipt of related notes receivables.

**Proprietary funds.** Charles County's proprietary fund statements provide the same type of information found in the government-wide financial statements, only in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$7.7 million. Unrestricted net assets of all proprietary funds were \$14.7 million. There was a total increase in net assets for all proprietary funds in the amount of \$4.9 million. Other factors concerning the finances of all these funds have already been addressed in the discussion of the County's business-type activities.

### General Fund Budgetary Highlights

The General Fund Operating Budget was adopted at \$313 million with budget amendments approved during the year that netted to a \$6 million decrease and an amended budget of \$307 million. Shortly after the start of FY2009 it became apparent that a severe slump in the real estate market would create a significant revenue budget shortfall of approximately \$9 million in Recordation Tax. Budget action was swiftly taken to decrease expenditures by \$8 million by an across-the-board budget cut and by transferring \$1 million from the Capital Project Fund due to project surpluses.

Actual revenues fell short of the adjusted budget by \$12 million primarily in three categories: Income Tax, Interest Income, and Highway User Tax. These three revenue sources totaled a budget shortfall of nearly \$12 million. The State of Maryland enacted a legislative change which resulted in lower income tax revenue for local governments. This legislative change combined with the economic recession contributed to the overall shortfall of \$6 million in income taxes. Lower interest rates caused a shortfall in Interest Income of approximately \$4 million. Higher gasoline prices and the economic recession resulted in lower demand for vehicle fuel causing a shortfall in Highway User tax revenue of \$1 million. Property Tax revenue met budget and increased by 13% compared to FY2008. Recordation Tax revenue was greatly affected by the downturn in the real estate market, however, tax revenue slightly exceeded budget after being adjusted by \$9 million in the Fall of the year.

Expenditure savings of \$7.5 million significantly offset the revenue shortfalls previously noted. A budget reduction plan was established during the year to counter the revenue shortfalls, therefore, savings were achieved throughout County government. Overall expenditures decreased by 1% compared to FY2008 as the County cut back on transferring funds to the Capital Project Fund for pay-as-you-go projects. FY2008 included a transfer of general funds to the Debt Service Fund for school construction of \$6.8 million. A similar transfer for FY2009 was made from the Capital Project Fund which significantly reduced costs to the General Fund.

### Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounts to \$617.1 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, and infrastructure. The total increase in the County's investment in capital assets for the current fiscal year was slightly over 9% (a 10% increase for governmental activities and a 6% decrease for business-type activities).

# Capital Assets (net of depreciation) June 30, 2009 and 2008 (amounts are presented in thousands)

		mental vities	Business-t Activities		<u>Total</u>	
	2009	2009 2008		2008	2009	2008
Land (not depreciated)	\$ 47,566	\$ 45,877	\$ 2,174	\$ 1,983	\$ 49,740	\$ 47,860
Construction in progress (not depreciated)	184,186	204,993	79,891	68,607	264,077	252,236
Land improvements	5,621	5,022	4,854	5,054	10,475	10,076
Infrastructure	102,702	93,293	82,943	82,256	185,645	175,549
Buildings and improvements	60,985	31,190	10,616	11,067	71,601	42,257
Machinery and equipment	25,027	4,783	2,938	3,404	27,965	8,187
Vehicles	6,429	7,188	1,254	1,437	7,683	8,625
Total	\$ 432,516	\$ 392,346	\$ 184,670	\$ 173,808	\$ 617,186	\$ 566,154

Additional information on the County's capital assets can be found in Note 3 on pages 54-56 of this report.

**Long-term debt.** At the end of the current fiscal year, the County had notes and bonds outstanding of \$328.8 million, which are backed by the full faith and credit of the County.

# Outstanding Debt General Obligation Bonds and Notes Payable June 30, 2009 and 2008 (amounts are presented in thousands)

		nmental <u>ivities</u>	Business-t Activities		<u>Total</u>	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$258,422	\$ 250,842	\$ 55,678	\$ 53,663	\$ 314,100	\$ 304,505
Notes payable	1,657	2,146	13,031	13,827	14,688	15,973
Total	\$ 260,079	\$ 252,988	\$ 68,709	\$ 67,490	\$ 328,788	\$ 320,478

The County's total debt increased by \$8.3 million during the current fiscal year. The issuance of bonds at favorable interest rates combined with the County's strategic long term financial policy of primary 15-year bond terms resulting in rapid pay down of debt, has provided the County with the ability to issue new debt without a large negative fiscal impact.

During the year, the County issued \$52.5 million of general obligation bonds, of which \$2 million is taxable.

The County continues to maintain an "AA" rating from Standard & Poor's, an "AA+" from Fitch Investors Service and an "Aa2" from Moody's Investors Service.

The County may issue general obligation and revenue bonds under existing authority conferred by the Maryland General Assembly. As a Code Home Rule county, the County has also enacted public local laws authorizing the issuance of general obligation bonds. The County currently has \$50,691,100 of general obligation bond authority.

State statutes limit the amount of general obligation debt a governmental entity may issue for water, sewer, and solid waste infrastructure to ten percent of its total assessed valuation. This debt is typically backed first by revenue bonds from the various enterprise funds and secondly by the full faith and credit of the County. The current debt limitation for Charles County is \$1.1 billion, which significantly exceeds the County's current outstanding general obligation debt related to revenue bonds. Additional information on the County's long-term debt can be found in Note 3 on pages 60-66 of this report.

### Economic Factors and Next Year's Budgets and Rates

- ★ The County's largest revenue source, Property Tax, is expected to increase 6% compared to FY2009. The second largest revenue source, Income Tax, decreased slightly by 1.2%. Nearly all other revenue sources are budgeted below the FY2009 budget level, netting to an overall Revenue Budget decrease of 0.4%
- ★ Overall property tax revenue is estimated to increase by 6% due to the rise in real property value coupled with a steady growth in new construction. Full Year Real Property tax revenue is estimated to increase 7.3%. Ordinary Business Corporation tax revenue (property tax from businesses) is estimated to decrease 8% primarily due to increasing the exemption rate on property assessment associated with power generating assets from 35% to 40%. The decline in business property tax revenue lowers the overall tax revenue growth rate to 6%.
- ★ Income tax revenue is budgeted 1% less than FY2009 due to the revenue shortfall experienced in FY2009 and due to the lingering economic recession. The local tax rate remained the same.
- ★ Expense budgets were cut in order to balance the General Fund appropriations to the revenues. However, the Board of Education, which represents 47% of the total budget, increased by 0.1% compared to FY2009. The funding is regulated by the State of Maryland legislation titled "Maintenance of Effort" which essentially provides the same level of funding from the prior year adjusted for student enrollment growth. Repayment of the County long-term debt received the greatest allocation of funds, increasing by \$1.1 million. Another \$1.4 million is budgeted to be transferred to the Capital Project Fund for Pay-as-you-go capital projects. These funds were appropriated from the designated fund balance within the General Fund.

These factors, as well as many others, were considered in preparing the County's budget for Fiscal Year 2010.

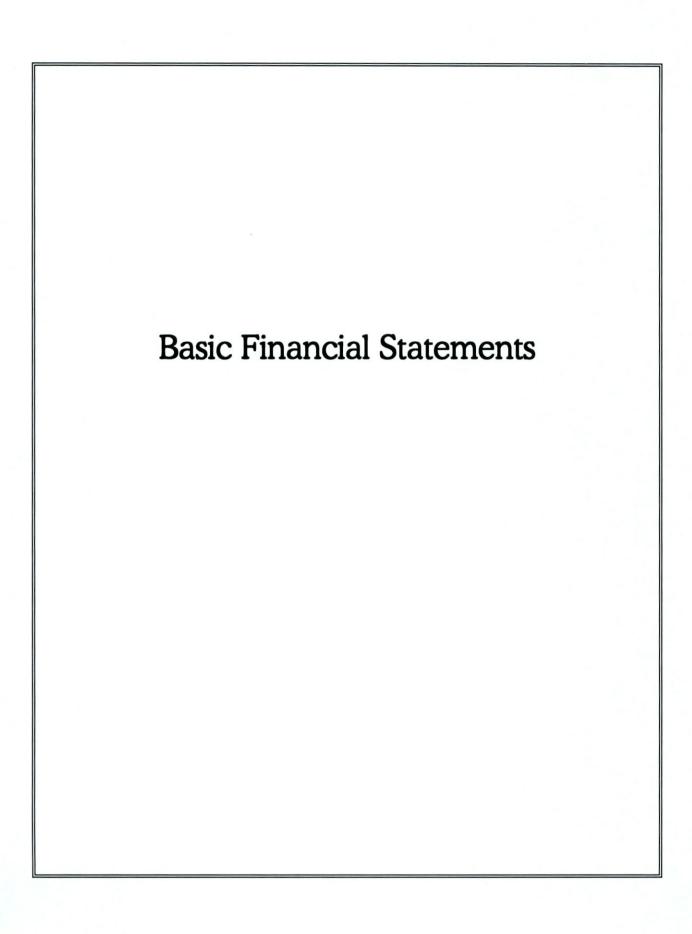
During Fiscal Year 2009, fund balance in the General Fund decreased to \$47.3 million. The County has appropriated \$4.2 million of this amount for spending in Fiscal Year 2010.

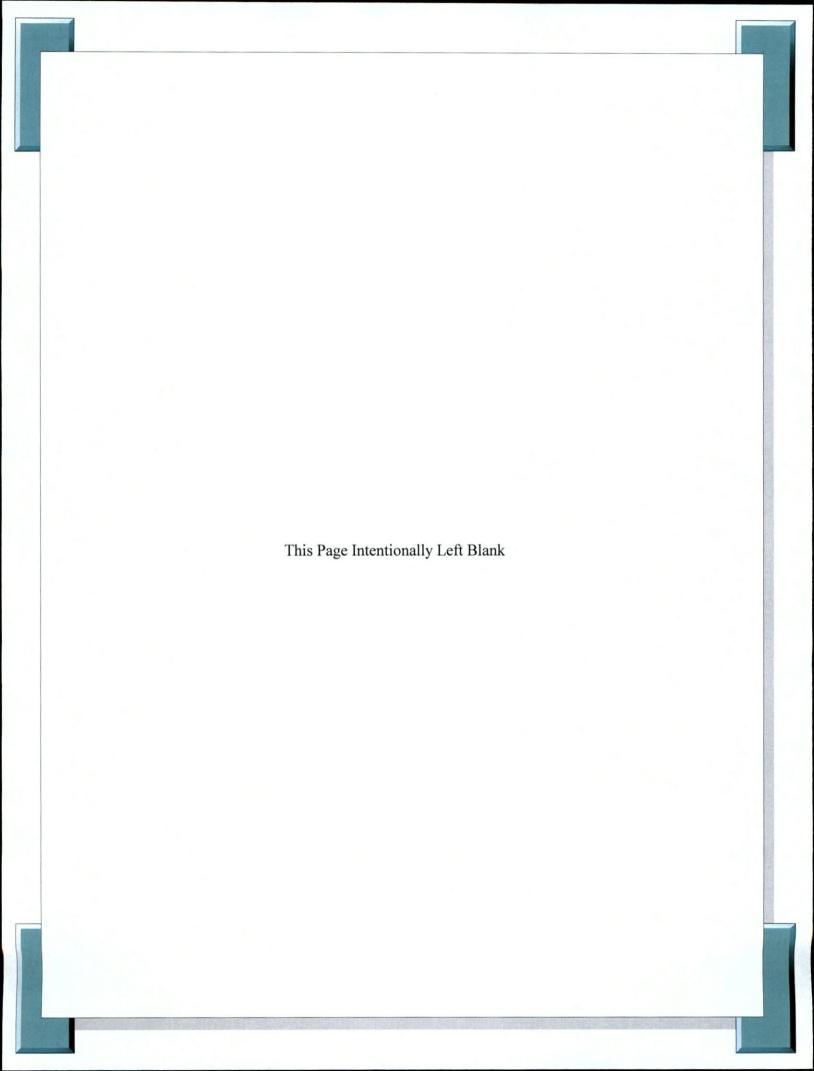
### Requests for Information

This financial report is designed to provide a general overview of Charles County's finances for all those with an interest in the County's finances. Questions concerning any information provided in this report should be addressed to:

Director of Fiscal and Administrative Services Charles County Government P.O. Box 2150 La Plata, MD 20646

Please visit our website at www.charlescounty.org





### THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND STATEMENT OF NET ASSETS JUNE 30, 2009

		Governmental Activities		Business-type Activities		Total Primary Government		Component Units
ASSETS:								
Cash and cash equivalents	\$	12,464,624	\$	1,194,997	\$	13,659,621	\$	45,261,867
Short-term investments		90,092,500		0		90,092,500		474,784
Other receivables		35,673,028		5,512,513		41,185,540		6,435,586
Notes receivable		0		339,740		339,740		0
Excise tax receivable		28,891,986		0		28,891,986		0
Taxes receivable		5,205,567		0		5,205,567		0
Internal balances		(24,789,760)		24,789,760		0		0
Inventory		1,521,884		641,525		2,163,409		865,469
Other current assets		220,486		107,698		328,184		4,444,364
Restricted assets		49,799,968		121,851		49,921,818		0
Capital assets, net of accumulated depreciation								
Land		47,566,530		2,174,186		49,740,716		15,280,185
Construction in progress		184,186,032		79,891,055		264,077,087		9,487,925
Land improvements		5,621,066		4,854,463		10,475,529		2,198,220
Infrastructure		102,701,621		82,943,345		185,644,966		0
Buildings and improvements		60,985,854		10,615,618		71,601,472		233,493,330
Machinery and equipment		25,027,379		2,937,796		27,965,175		8,300,658
Vehicles	_	6,428,001		1,254,322	_	7,682,323		0
Total assets	_	631,596,765		217,378,869	_	848,975,634	_	326,242,388
LIABILITIES:								
Accounts payable		10,258,559		3,596,409		13,854,968		6,703,568
Accrued expenses		3,250,572		1,241,212		4,491,784		26,944,191
Net deferred bond issue premiums		5,409,362		1,063,360		6,472,722		0
Unearned revenue		32,868,408		321,284		33,189,692		2,652,220
Other liabilities		5,607,669		1,824,250		7,431,918		146,607
Noncurrent liabilities:								
Due within one year		30,660,505		6,412,636		37,073,141		500,000
Due in more than one year	_	268,204,716		78,817,029		347,021,745		53,548,548
Total liabilities	_	356,259,790		93,276,180		449,535,970	_	90,495,134
NET ASSETS:								
Invested in capital assets, net of related debt Restricted for:		277,293,967		109,407,466		386,701,433		268,760,318
Capital projects		15,293,609		0		15,293,609		0
Public housing		2,805,370		0		2,805,370		0
Public safety		1,139,387		0		1,139,387		0
Other purposes		1,773,402		0		1,773,402		0
Unrestricted	_	(22,968,759)		14,695,223		(8,273,536)		(33,013,064)
Total net assets	\$	275,336,975	\$	124,102,689	\$	399,439,664	\$	235,747,254

### THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2009

Functions/Programs	_	Expenses		Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions
PRIMARY GOVERNMENT:								
Governmental activities:								
Legislative	\$	2,080,510	\$	0	\$	0	\$	0
Judicial		11,545,466		79,083		821,383		0
Law		894,366		0		0		0
General government		9,410,137		2,222,486		9,650,345		0
Elections		706,269		0		0		0
Public safety		95,921,812		5,769,229		4,813,586		0
Planning and growth management		5,883,572		1,214,746		148,318		1,014,174
Health		8,697,964		38,362		3,687,974		0
Social services		1,848,488		0		0		0
Community services		19,108,464		1,605,410		11,024,979		11,137
Public facilities		14,534,181		809,628		0		3.531,125
Economic development		1,504,604		0		26,233		0
Education		167,950,725		1,732,026		0		0
Conservation of natural resources		611,869		0		0		0
Interest expense on long term debt		11,100,155	_	0		0		0
Total governmental activities		351,798,582		13,470,970		30,172,818		4,556,436
Business-type activities:								
Water and sewer		23,617,745		23,215,291		0		898,296
Inspection and review		3,062,354		2,344,701		0		0
County parks		980,132		832,015		0		0
Recreation		3,185,403		2,695,111		0		24,259
Solid waste		3,557,332		3,771,529		0		0
Environmental services		3,342,339		3,275,175		0		0
Vending machines		92,185	_	111,340	_	0		0
Total business-type activities		37,837,489	_	36,245,163	_	0		922,555
Total primary government	\$	389,636,071	\$	49,716,132	\$	30,172,818	\$	5,478,991
COMPONENT UNITS:								
Board of Education of Charles County, Marylar	nd	372,946,517		7,140,446		78,620,833		21,231,135
Board of Library Trustees for Charles County		4,377,902		165,662		102,665		0
	•		-		•		\$	21,231,135
Total component units	Þ	377,324,419	<b>D</b>	7,306,108	\$	78,723,498	Φ	21,231,135

#### General revenues:

Taxes:

Local property taxes

Other local

Income taxes

State shared

County and state appropriations

Other income

Interest and investment earnings

Donations - noncash transactions

Net transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year

Net assets - end of year

	-	-				
Net	Expenses	Revenues	and Changes	in	Net	Assets

			ry Governm Business-	CIII					
Gove	rnmental		type				Component		
Activities			Activities		Total		Units		
\$ (2,	,080,510)	\$	0	\$	(2,080,510)	\$			
The state of the s	,645,000)		0	200	(10,645,000)	,			
	(894,366)		0		(894,366)				
	462,694		0		2,462,694				
	(706, 269)		0		(706, 269)				
	338,997)		0		(85,338,997)				
	,506,334)		0		(3,506,334)				
	,971,628)		0		(4,971,628)				
	,848,488)		0		(1,848,488)				
	,466,938)		0		(6,466,938)				
	193,428)		0		(10,193,428)				
	,478,371)		0		(1,478,371)				
	,218,699)		0		(166,218,699)				
	(611,869)		0		(611,869)				
	,100,155)		0		(11,100,155)				
	,598,358)		0		(303,598,358)				
					10.5 0.10				
	0		495,842		495,842				
	0		(717,653)		(717,653)				
	0		(148,117)		(148,117)				
	0		(466,033)		(466,033)				
	0		214,197		214,197				
	0		(67,164) 19,155		(67,164) 19,155				
	0		(669,773)		(669,773)				
(303	,598,358)	_	(669,773)		(304,268,131)	_			
	0		0		0		(265.054.10		
	0		0		0		(265,954,10		
		_		_		_	(4,109,57		
	0	_	0	_	0	_	(270,063,67		
181	,396,190		0		181,396,190		3		
15	,240,771		0		15,240,771				
	,838,853		0		71,838,853				
8	,077,769		0		8,077,769				
	0		0		0		251,847,63		
	,209,764		454,841		4,664,605		170,91		
	,471,445		157,074		5,628,519		439,15		
10	,024,646		5,523,787		15,548,433				
	498,348		(498,348)		0				
296	,757,785		5,637,354	-	302,395,140		252,457,70		
	,840,573)		4,967,581		(1,872,992)		(17,581,30		
282	,177,548	11	19,135,108		401,312,656		253,328,56		
\$ 275	,336,975	\$ 12	24,102,689	\$	399,439,664	\$	235,747,25		

# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2009

	General Fund		Capital Projects		Debt Service		Other Governmental Funds		Total Governmental Funds
ASSETS:									
Cash and cash equivalents	\$ 9,851,025	\$	O	\$	0	\$	2,613,599	\$	12,464,624
Investments	90,092,500		0		0		0		90,092,500
Other receivables	30,647,799		2,367,247		85,324		2,572,657		35,673,027
Excise tax receivable	0		0		28,891,986		0		28,891,986
Taxes receivable	5,205,567		0		0		0		5,205,567
Due from other funds	0		32,768,317		0		6,215,810		38,984,127
Inventory	1,521,884		0		0		0		1,521,884
Other assets	220,200		0		0		285		220,485
Restricted assets	1,467,464	_	0	_	48,332,504		0	_	49,799,968
Total assets	\$ 139,006,439	\$	35,135,564	\$	77,309,814	\$	11,402,351	\$	262,854,168
LIABILITIES AND FUND BALANCES:									
Accounts payable	\$ 2,100,380	\$	6,931,924	\$	0	\$	1,226,255	\$	10,258,559
Accrued expenditures	2,686,051		0		0		0		2,686,051
Deferred revenue	21,948,423		2,427,870		77,219,545		1,551,579		103,147,417
Due to other funds	61,559,498		0		1,500,213		714,176		63,773,887
Other liabilities	1,921,749		0		0		2,212,357		4,134,106
Payable from restricted assets	 1,473,563	_	0	_	0	_	0	_	1,473,563
Total liabilities	91,689,664	_	9,359,794	_	78,719,758	_	5,704,367	_	185,473,583
Fund balances:									
Reserved fund balance Unreserved:	2,851,067		22,612,742		0		5,718,158		31,181,967
Designated fund balance	42,087,099		3,163,028		0		0		45,250,127
Undesignated fund balance (deficit)	2,378,609		0		(1,409,944)		(20,174)		948,491
Sub-total Unreserved fund balance	44,465,708		3,163,028		(1,409,944)		(20,174)		46,198,618
Total fund balances (deficit)	47,316,775	_	25,775,770	_	(1,409,944)		5,697,984	_	77,380,585
Total liabilities $\ensuremath{\mathcal{C}}$ fund balances	\$ 139,006,439	\$	35,135,564	\$	77,309,814	\$	11,402,351	\$	262,854,168

# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES JUNE 30, 2009

Total Governmental Fund Balance	\$	77,380,585
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		432,516,483
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable		(258,422,307)
Loans and notes payable		(84,702)
Capital leases payable		(5,332,288)
Landfill closure costs		(1,572,872)
Health insurance claims		(564,521)
Net pension obligation		(427,603)
Net OPEB obligation		(20,335,669)
Unearned revenue		70,279,009
Unamortized deferred charges		(5,409,364)
Compensated absences which are not due and payable in the current period and therefore are not reported in the		
funds	_	(12,689,776)
Net assets of Governmental Activities	\$_	275,336,975

# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2009

Revenues: Taxes - local property	General Fund \$ 169,977,096	Capital Projects	Debt Service	Other Governmental Funds  \$ 11,419,094	Total Governmental Funds  \$ 181,396,190
Taxes - income	82,314,487	0	0	0	82,314,487
Taxes - other local	11,795,582	0	3,445,189	0	15,240,771
Taxes - state shared	8,077,769	0	0	0	8,077,769
Charges for services	8,884,332	709,500	0	3,877,138	13,470,970
Intergovernmental	3,328,143	14,009,269	0	17,391,842	34,729,254
Interest income	2,103,658	0	3,265,935	101,852	5,471,445
Other income	513,833	0	3,283,547	412,384	4,209,764
Total revenues	286,994,900	14,718,769	9,994,671	33,202,310	344,910,650
Expenditures:					
Current:					
Education	149,549,835	8,751,637	0	1,688,614	159,990,086
Public safety	72,468,906	5,354,125	0	14,491,172	92,314,203
Other general government	18,948,924	0	0	0	18,948,924
Public facilities	19,431,956	24,917,407	0	0	44,349,363
Financial administration	9,500,759	0	0	0	9,500,759
Community services	2,639,970	741,294	0	15,550,957	18,932,221
Judicial	3,124,867	7,072,578	0	1,298,233	11,495,678
Planning and growth management	3,624,371	1,764,458	0	463,196	5,852,025
Health	3,245,047	212,213	0	3,728,480	7,185,740
Economic development	1,446,160	0	0	26,233	1,472,393
Social services	1,046,858	0	0	801,630	1,848,488
Legislative	1,955,930	0	0	16,766	1,972,696
Law	880,247	0	0	0	880,247
Conservation of natural resources	602,244	0	0	0	602,244
Elections	706,011	0	0	0	706,011
Debt service:	,				
Principal	0	0	11,166,700	0	11,166,700
Interest	6,358,991	0	4,741,164	0	11,100,155
Total expenditures	295,531,076	48,813,712	15,907,864	38,065,281	398,317,933
Excess (deficiency) of revenues					
over (under) expenditures	(8,536,176)	(34,094,943)	(5,913,193)	(4,862,971)	(53,407,283)
Other financing sources (uses):					
Issuance of debt	2,019,000	31,600,000	0	0	33,619,000
Premium on issuance of debt	1,504,644	0	0	0	1,504,644
Bond Proceeds from debt refunding	11,200,097	0	0	0	11,200,097
Defeased Bonds	(11,728,871)	0	0	0	(11,728,871)
Transfers in	1,815,192	560,670	5,072,600	3,069,011	10,517,473
Transfers out	(3,682,811)	(6,321,682)	0	(14,632)	(10,019,125)
Total other financing sources (uses)	1,127,251	25,838,988	5,072,600	3,054,379	35,093,218
Net change in fund balance	(7,408,925)	(8,255,955)	(840,593)	(1,808,592)	(18,314,065)
Fund balance (deficit) - beginning of year	54,725,700	34,031,725	(569,351)	7,506,576	95,694,650
rand balance (denote) - beginning or year	34,723,700	34,031,743	(309,331)		73,074,030
Fund balance (deficit) - end of year	\$ 47,316,775	\$ 25,775,770	\$ (1,409,944)	\$ 5,697,984	\$ 77,380,585

#### THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND RECONCILIATION OF THE STATEMENT OF REVENUES. EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2009

Net change in fund balance - Governmental Funds	\$ (18,314,065)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

44,870,988

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the cost of the assets disposed less accumulated depreciation.

(396,812)

Governmental funds do not report contributions from developers and other sources. However, in the government-wide statements contributions are reported as an increase to capital assets. 10,024,646

Governmental funds report the issuance of debt as income and the (7,245,254)repayment of debt as expenditures. However, in the governmentwide statements, debt and repayment of debt is reported as a reduction of a long-term liability.

Governmental funds report costs associated with the issuance of debt as revenues and expenditures. However, in the government-wide statements, these revenues and expenses are amortized in the statement of activities.

(975,920)

Governmental funds report revenues based on the availability of of the funds. However, in the government-wide statements revenues are recorded based on collectibility.

(10,475,634)

Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds: Depreciation expense

(14,254,764)(376,143)

Amortization of deferred charges Compensated absences (1,148,650)Net pension obligation Net OPEB obligation

15,880 (8,564,845)

Change in Net Assets of Governmental Activities

(6,840,573)

# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2009

		F				
-	Water and Sew			Other		
A CCETTEC		Fund	Pro	oprietary Funds		Total
ASSETS:						
Current assets:	<b>c</b>	200	<b>.</b>	1 10 4 707	4	1 104 007
Cash and cash equivalents	\$	200	\$	1,194,797	\$	1,194,997
Other receivables		5,000,716		511,797		5,512,513
Notes receivable		339,740		0		339,740
Due from other funds		12,143,723		16,314,056		28,457,779
Inventory		584,777		56,748		641,525
Other current assets		1,660		106,038		107,698
Total current assets		18,070,816		18,183,436		36,254,252
Noncurrent assets:						
Net capital assets		160,142,267		24,528,518		184,670,785
Restricted assets		0		121,851		121,851
Total noncurrent assets		160,142,267		24,650,369		184,792,636
Total assets		178,213,083		42,833,805		221,046,888
LIABILITIES:						
Current liabilities:						
Accounts payable		3,053,572		542,837		3,596,409
Accrued expenses		988,683		252,528		1,241,211
Due to other funds		0		3,668,019		3,668,019
Net deferred bond issue premiums		904,092		159,268		1,063,360
Unearned revenue		2,418		318,866		321,284
Current portion of long-term debt		5,601,934		810,702		6,412,636
Total current liabilities		10,550,700		5,752,220		16,302,920
Noncurrent liabilities:		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,				
Other liabilities		1,702,399		121,851		1,824,250
Bonds payable		42,189,382		8,738,026		50,927,408
Long-term debt		13,161,456		5,308,510		18,469,966
Net pension obligation		99,153		36,942		136,095
Net OPEB obligation		2,459,803		918,832		3,378,635
Capital lease obligation		5,564,618		340,307		5,904,925
Total noncurrent liabilities		65,176,811		15,464,468		80,641,279
Total liabilities		75,727,511		21,216,688		96,944,199
NET ASSETS:						
Invested in capital assets, net of related de	ht	94,713,782		14,693,684		109,407,466
Unrestricted	υι	7,771,790		6,923,433		14,695,223
Total net assets	\$	102,485,572	\$	21,617,117	\$	124,102,689

# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2009

	Business-type activities						
	Water and Sewer			Other			
		Fund	Pr	oprietary Funds		Total	
Operating revenues:							
Charges for services	\$	23,215,291	\$	13,021,146	\$	36,236,437	
Other income		365,295		89,546		454,841	
Total operating revenues		23,580,586		13,110,692		36,691,278	
Operating expenses:							
Personnel services		11,023,669		6,298,141		17,321,810	
Utilities		2,952,849		487,264		3,440,113	
Repairs and maintenance		790,517		433,022		1,223,539	
Insurance costs		342,494		57,417		399,911	
Indirect costs		372,830		198,800		571,630	
Supplies		1,398,478		804,877		2,203,355	
Contract services		499,216		3,626,930		4,126,146	
Other operating costs		(1,761,848)		444,419		(1,317,429)	
Depreciation		5,741,349		1,473,262		7,214,611	
Total operating expenses		21,359,554		13,824,132		35,183,686	
Operating income (loss)		2,221,032		(713,440)		1,507,592	
Nonoperating revenues (expenses):							
Interest income		39,677		117,397		157,074	
Intergovernmental		898,296		24,259		922,555	
Interest expense		(2,258,191)		(395,613)		(2,653,804)	
Gain on disposal of capital assets		0		8,725		8,725	
Total nonoperating revenues (losses)		(1,320,218)		(245,232)		(1,565,450)	
Income before transfers		900,814		(958,672)		(57,858)	
Donations - noncash transactions		5,523,787		0		5,523,787	
Transfers in		25,247		76,205		101,452	
Transfers out		0		(599,800)	_	(599,800)	
Change in net assets		6,449,848		(1,482,267)		4,967,581	
Net assets - beginning of year		96,035,724		23,099,384	_	119,135,108	
Net assets - end of year	\$	102,485,572	\$	21,617,117	\$_	124,102,689	

# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND STATEMENT OF CASH FLOWS PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2009

	Business-type activities					
	Wa	ter and Sewer		Other		
		Fund	Pro	prietary Funds		Total
Cash flows from operating activities:						
Cash received from customers	\$	22,928,360	\$	13,080,349	\$	36,008,709
Cash paid to suppliers		(4,256,761)		(6,309,357)		(10,566,118)
Cash paid to employees		(11,019,790)		(6,257,566)		(17,277,356)
Net cash provided by operating activities		7,651,809		513,426		8,165,235
Cash flows from investing activities:						
Interest received		39,677		117,397		157,074
Net cash provided by investing activities		39,677		117,397		157,074
Cash flows from noncapital financing activities:						
Intergovernmental		898,296		24,259		922,555
Transfers in (out)		25,247		(523,595)		(498,348)
Receipts from interfund loans		4,753,945		182,821		4,936,766
Repayments of interfund loans		0		1,553,840		1,553,840
Net cash used by (used in) noncapital financing activities		5,677,488		1,237,325		6,914,813
Cash flows from capital and related financing activities:						
Proceeds from issuance of bonds		8,739,235		550,000		9,289,235
Proceeds from new loan		(456,028)		0		(456,028)
Principal payments on bonds payable		(795,640)		(687,521)		(1,483,161)
Principal payments on capital lease obligations		(6,994,148)		(83,528)		(7,077,676)
Principal payments on loans		(532,378)		(29,802)		(562, 180)
Interest paid		(2,258,191)		(395,612)		(2,653,803)
Proceeds from disposal of assets		0		8,725		8,725
Cash paid for capital expenses		(11,071,824)		(288,914)		(11,360,738)
Net cash used in capital and related financing activities		(13,368,974)		(926,652)		(14,295,626)
Net increase in cash and cash equivalents		0		941,496		941,496
Cash and cash equivalents - beginning of year		200		253,301		253,501
Cash and cash equivalents - end of year	\$	200	\$	1,194,797	\$	1,194,997

# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND STATEMENT OF CASH FLOWS (continued) PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2009

	Business-type activities					
	Water and Sewer			Other		
		Fund	Pro	prietary Funds		Total
Reconciliation of operating income to net cash provided						
by operating activities:						
Operating income	\$	2,221,032	\$	(713,440)	\$	1,507,592
Adjustments to reconcile operating income to net cash						
provided by operating activities:						
Depreciation		5,741,349		1,473,262		7,214,611
Increase (decrease) in compensation-related						
liabilities included in long-term debt		29,389		0		29,389
Increase in landfill closure liabilities included						
in long-term debt		0		0		0
(Increase) decrease in other receivables		(698,223)		(14,811)		(713,034)
(Increase) decrease in notes receivable		50,079		0		50,079
(Increase) decrease in inventories		59,395		(6,573)		52,822
(Increase) decrease in other current assets		13,440		(80,003)		(66,563)
(Increase) decrease in restricted assets		0		(4,480)		(4,480)
(Increase) decrease in deferred bond issue costs		(34,687)		634		(34,053)
Increase (decrease) in accounts payable		(743,569)		(561,157)		(1,304,726)
Increase (decrease) in accrued expenses		(25,509)		40,696		15,187
Increase (decrease) in other liabilities		34,687		3,731		38,418
Increase (decrease) in Net Pension Obligation		(2,460)		(4,138)		(6,598)
Increase (decrease) in Net OPEB Obligation		1,010,967		395,247		1,406,214
Increase (decrease) in deferred revenue		(4,082)		(15,542)		(19,624)
Net cash provided by operating activities	\$	7,651,809	\$	513,426	\$	8,165,235

### SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

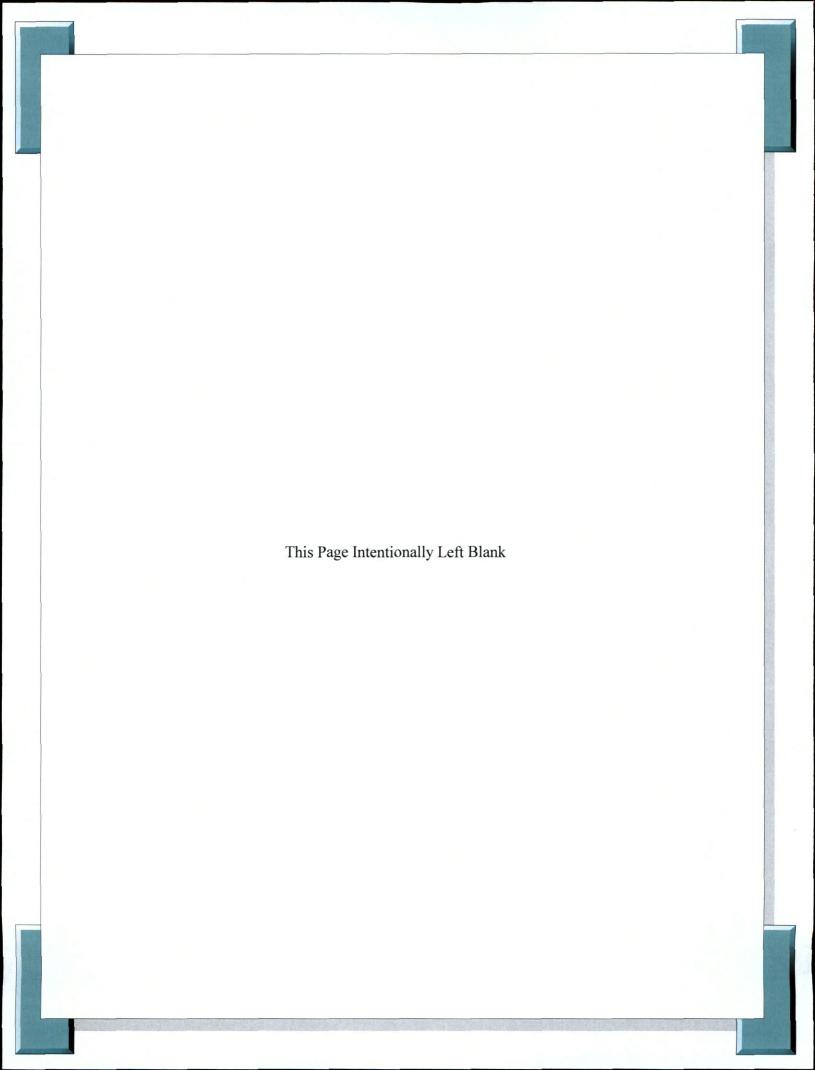
	Water and Sewer Fund	Other Proprietary Funds	Total
Borrowing under capital lease	591,900	389,100	981,000
Non-cash donations - developers	5,523,787	0	5,523,787

### THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND STATEMENT OF FIDUCIARY NET ASSETS JUNE 30, 2009

		Pension and OPEB Trust Funds
ASSETS:		
Current assets:		
Cash and cash equivalents	\$	3,321,472
Interest receivable		124,268
Total current assets	_	3,445,740
Investments at fair value:		
Bond mutual funds		26,148,856
Equity securities		143,475,165
Total investments		169,624,021
Total assets		173,069,761
LIABILITIES:		
Accrued expenses	_	(38,525)
NET ASSETS:		
Held in trust for pension benefits	\$	173,031,236

### THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS YEAR ENDED JUNE 30, 2009

	-	Pension and OPEB Trust Funds
ADDITIONS		
ADDITIONS:		
Contributions:		
Employer contributions	\$	20,538,636
Employee contributions		4,236,386
Total contributions		24,775,022
Investment earnings:		
Interest		3,132,430
Net decrease in fair value of investments		(29,086,914)
Total investment earnings		(25,954,484)
Less investment expenses		(627,532)
Net investment earnings		(26,582,016)
Total additions		(1,806,994)
DEDUCTIONS:		
Benefits paid to members		6,986,554
Administrative costs	_	714,686
Total deductions		7,701,240
Changes in net assets		(9,508,234)
Net assets - beginning of year		182,539,470
Net assets - end of year	\$	173,031,236



# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING STATEMENT OF NET ASSETS COMPONENT UNITS JUNE 30, 2009

_		rd of Education of Charles ounty, Maryland	Board of Library Trustees for Charles County	 Total
ASSETS:				
Cash and cash equivalents	\$	45,221,267	\$ 40,600	\$ 45,261,867
Short-term investments		0	474,784	474,784
Accounts receivable		6,392,852	42,734	6,435,586
Inventory		865,469	0	865,469
Other assets		4,399,810	44,554	4,444,364
Capital assets				
Land		15,280,185	0	15,280,185
Construction in progress		9,487,925	0	9,487,925
Land improvements		2,198,220	0	2,198,220
Buildings		233,493,330	0	233,493,330
Machinery and equipment		7,712,016	588,642	8,300,658
Total assets		325,051,074	1,191,314	326,242,388
LIABILITIES:				
Accounts payable		6,695,037	8,531	6,703,568
Accrued expenses		26,626,915	317,276	26,944,191
Unearned revenue		2,651,476	744	2,652,220
Other liabilities		146,607	0	146,607
Non-current liabilities:				
Due within one year		500,000	0	500,000
Due in more than one year		52,861,354	687,194	53,548,548
Total liabilities		89,481,389	1,013,745	90,495,134
Invested in capital assets, net of related de	bt	268,171,676	588,642	268,760,318
Unrestricted assets		(32,601,991)	(411,073)	(33,013,064)
Total net assets	\$	235,569,685	\$ 177,569	\$ 235,747,254

# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING STATEMENT OF ACTIVITIES COMPONENT UNITS YEAR ENDED JUNE 30, 2009

			Program Revenues	S
			Operating	Capital
		Charges for	Grants and	Grants and
Functions/Programs	Expenses	Services	Contributions	Contributions
COMPONENT UNITS:				
Board of Education of Charles County, MD	\$ 372,946,517	\$ 7,140,446	\$ 78,620,833	\$ 21,231,135
Board of Library Trustees for Charles County	4,377,902	165,662	102,665	0
Total component units	\$ 377,324,419	\$ 7,306,108	\$ 78,723,498	\$ 21,231,135

General revenues:

County and state appropriations
Other income
Interest and investment earnings
Miscellaneous
Total general revenues and transfers

Change in net assets Net assets - beginning of the year Net assets - end of year

Net (Expenses)	Davianuae and	Changes in	Not Accate

		nment	vernr	Primary Gov	
		Board of Library		Board of Education	
		Trustees for		of Charles	
Tota		Charles County		ounty, Maryland	C
\$ (265,954	\$	\$ 0	\$	(265,954,103)	\$
(4,109		(4,109,575)		0	
(270,063		(4,109,575)		(265,954,103)	
251,847		3,743,910		248,103,727	
		0		0	
439		10,827		428,327	
170,914		52,195		143,383	
252,457		3,806,932		248,675,437	
(17,581		(302,643)		(17,278,666)	
253,328		480,212		252,848,351	
\$ 235,747	\$	\$ 177,569	\$	235,569,685	\$

## THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND NOTES TO THE FINANCIAL STATEMENTS June 30, 2009

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### THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2009

#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Charles County, Maryland (the County) was created by order of council on May 10, 1658. The County operates under the Maryland Code Home Rule form of Government. Both the executive and the legislative functions of the County are vested in the elected five-member Board of Commissioners of Charles County, Maryland (County Commissioners). The County provides various services to its citizens including public safety, health and social services, parks and recreation, public transportation, public works and general administrative services. In addition, the County owns and operates a water and sewer system, a landfill and recycling center, a public golf course, and various recreational centers, including the latest addition this past fiscal year, the Southern Maryland Baseball and Entertainment Complex.

The County's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 that do not conflict with or contradict GASB pronouncements. Although the County has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the County has chosen not to do so. The more significant accounting policies established in GAAP and used by the County are discussed below.

In June 1999, the Governmental Accounting Standards Board unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (GASB 34). Some of the significant changes in the Statement include (1) the addition of a Management's Discussion and Analysis (MD&A) section providing an analysis of the County's overall financial position and results of operations; (2) the addition of financial statements prepared using full accrual accounting for all of the County's activities, including infrastructure; and (3) a change in the fund financial statements to focus on the major funds. These and other changes are reflected in the accompanying financial statements (including Notes to the Financial Statements).

#### A. Reporting Entity

The financial statements of the reporting entity include those of Charles County Government (the primary government) and its component units. Component units are legally separate entities that are included in the County's reporting entity because of the significance of their operating or financial relationships with the County. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB Statement 14 <u>The Financial Reporting Entity</u> and modified by GASB Statement 39 <u>Determining Whether Certain Organizations are Component Units</u>, include whether:

- · the organization is legally separate
- the County Commissioners appoint a voting majority of the organization's board
- the County Commissioners have the ability to impose their will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- · the organization is fiscally dependent on the County

Based on the application of these criteria, the following organizations are considered component units of Charles County Government. Their financial data is discretely presented in a separate column in the government-wide financial statements. A Combining Statement of Net Assets and a Combining Statement of Activities for the component units are also provided. All discretely presented component units have a June 30 year end.

The Board of Education of Charles County, Maryland (the Board of Education) is a legally separate organization created by Maryland state law to operate the County's public school system. Management of the County's schools is under the control of the Board of Education, with the final decision-making authority held by the State Board of Education. The members of the Board of Education are elected by the residents of Charles County. The Board of Education is financially accountable to the Charles County Government because the Board of Education's annual budget is subject to the approval of the County Commissioners. The Board of Education is presented as a governmental fund type. The County provided \$138,145,100 in operating funds and \$8,930,613 in capital funding to the Board of Education during Fiscal Year 2009.

The Board of Library Trustees for Charles County, Maryland (the Library) is a legally separate entity under Maryland state law. The Library's Trustees are appointed by the Governor of the State of Maryland and oversee the day-to-day management of the Library. The Library's budget is subject to the approval of the County Commissioners. The Library is presented as a governmental fund type. The County provided \$1,991,900 in operating funds to the Library during Fiscal Year 2009.

Complete financial statements of the discretely presented component units can be obtained directly from their respective administrative offices:

Board of Education of Charles County, Maryland Assistant Superintendent of Finance Business Administration and Technology P.O. Box 2770 La Plata, MD 20646

Board of Library Trustees for Charles County, Maryland 2 Garrett Avenue La Plata, MD 20646

#### B. Basic Financial Statements

The County's basic financial statements include government-wide financial statements (reporting on the County as a whole), fund financial statements (reporting on the County as a whole with an emphasis on the most significant funds), and fiduciary financial statements (reporting on the County's pension funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Governmental activities are normally supported by taxes and intergovernmental revenues. The County's public safety, public transportation, health and social services, some parks and recreation activities, public works and general administrative services are classified as governmental activities. Business-type activities rely significantly on fees and charges for support. The County's water and sewer operation, solid waste management operations, environmental services (recycling), vending commissions, white plains golf course, recreation and development services are classified as business-type activities.

#### **Government-wide Statements**

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. The government-wide financial statements focus more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) reported using the economic resources measurement focus and the accrual basis of accounting, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts: (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets. Net assets should be reported as restricted when constraints placed on the net asset's use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or

regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

The net assets restricted for other purposes result from special revenue funds and the restrictions on their net asset use. When both restricted and unrestricted resources are available for use, the County utilizes restricted resources to finance qualifying activities first, then unrestricted resources as they are needed.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. The functions are also supported by general government revenues (property tax, income tax, certain intergovernmental revenues, fines, permits, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants and capital grants. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Program revenues must be directly associated with the function of a business-type activity. The operating grants column includes operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenues (property tax, income tax, intergovernmental revenues, interest income, etc.), which are not properly included among program revenues.

The County has an indirect cost allocation plan authorized under OMB Circular A-87, which it uses (when applicable and allowed) to charge costs to special revenue (grant) programs and proprietary funds. The federal guidelines state that indirect costs are eligible for reimbursement provided they are necessary for the efficient conduct of the grant or contract and provided specific costs identified are not restricted by federal law or regulations. As required, the County received an annual central services allocation plan and indirect cost rate proposal as prepared for the past fiscal year by Cost Plans Plus, LLC. As a result, the County uses that plan in developing cost-based fees, rates, user charges and overhead recoveries from other taxing entities, authorities and enterprise funds.

#### **Fund Financial Statements**

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB 34 sets forth minimum criteria for the determination of major funds. The criteria used by the County is the percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise funds combined. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Non-major funds by category are summarized into a single column.

#### 1. Governmental Funds:

The measurement focus of the governmental fund financial statements is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon change in fund balance. The following is a description of the governmental funds of the County:

- a. **General Fund** is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is considered a major fund.
- b. **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Special Revenue Funds of the county are non-major funds.

- c. Debt Service Fund is used to account for the accumulation of funds for the periodic payment of principal and interest on long-term debt. The Debt Service Fund is a major fund.
- d. Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Capital Projects Fund is a major fund.

#### 2. Proprietary Funds:

The focus of proprietary fund measurement is based upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the County:

**Enterprise Funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to cover similar costs. Only the Water and Sewer Fund is considered a major fund and is presented separately. All other enterprise funds are non-major and their data is combined into a single aggregated presentation.

#### 3. Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support County programs. The reporting focus for fiduciary funds is on net assets and changes in net assets, and accounting principles used are similar to proprietary funds.

The County's pension trust funds account for the retirement benefits for the Charles County Maryland Sheriff's Office Retirement Plan, the Charles County Pension Plan, and the OPEB Trust plan. Since, by definition, these assets are held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. They are presented in the fiduciary fund financial statements.

#### C. Basis of Accounting and Measurement Focus

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. The measurement focus identifies which transactions should be recorded.

#### **Basis of Accounting**

a. Accrual Basis - Both governmental and business-type activities are presented using the accrual basis of accounting in the government-wide financial statements and the proprietary and fiduciary fund financial statements. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met

b. **Modified Accrual Basis** - The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Measurable" means knowing or able to reasonably estimate the amount. "Available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end. Property taxes, income taxes, highway user taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County. Expenditures (including capital outlay) are recorded when the related liability is incurred. However, debt service expenditures (principal and interest), as well as expenditures related to compensated absences and claims and judgments, are recorded only when due.

#### Measurement Focus

In the government-wide financial statements, both governmental and business-type activities are presented using the economic resources measurement focus as defined below in item b.

In the governmental fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

#### D. Financial Statement Amounts

#### 1. Cash and Cash Equivalents:

The County has defined cash and cash equivalents to include cash on hand, petty cash, demand deposits, and short-term securities with an original maturity of three months or less at time of purchase.

#### 2. Investments:

Investments held by the County, including the pension funds, are stated at fair value. Fair value is based on quoted market prices at fiscal year-end or best available estimate. All investments not required to be reported at fair value are stated at cost or amortized cost.

#### 3. Receivables:

All trade, excise and property tax receivables are reported at fair value. Estimated unbilled revenues from the Water and Sewer Fund are recognized at the end of each fiscal year on a pro-rata basis. The estimated amount is based on billings during the month following the close of the fiscal year. Taxes, special assessments, utility charges and accrued interest are deemed collectible in full. Property taxes attach as an enforceable lien when levied on July 1 of each fiscal year. The taxes are payable without interest by September 30.

All property tax revenue is recognized in compliance with NCGAI-3 (Revenue Recognition-Property Taxes), which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period and collected no longer than 60 days after the close of the current period. Revenue relating to receivables which have not been collected within sixty days after the fiscal year-end has been reclassified from property tax revenues to deferred revenues.

#### 4. Inter-fund Transactions:

The following is a description of the basic types of inter-fund transactions made during the year and related accounting policies:

- a. Transactions for services rendered or facilities provided these transactions are recorded as revenues in the receiving fund and expenditures in the disbursing fund.
- b. Transactions to reimburse a fund for expenditures made by it or for the benefit of another fund these transactions are recorded as expenditures in the disbursing fund and as reductions of expenditures in the receiving fund.
- c. Transactions to shift revenues or contributions from the fund budgeted to receive them to the fund budgeted to expend them these transactions are recorded as transfers in and out.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due (to) from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances" and are eliminated.

#### 5. Inventories:

Inventories of the County, consisting of expendable supplies held for the County's use, are valued at the Average Cost Method. Inventories in all funds are initially recorded in the inventory account and recognized as expenditures/expenses when consumed.

#### 6. Prepaid Items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the allocation method.

#### 7. Restricted Assets:

Cash deposits are held for construction escrow bonds, inmates at the Detention Center, a County Attorney escrow, a State's Attorney Restitution bank account, and various lease deposits held are all restricted and being held in Governmental Funds. In addition, certain debt proceeds and certain resources set aside for their repayment in the Debt Service Fund, are classified as restricted assets on the balance sheet because their use is limited and they are maintained in separate accounts. In the Solid Waste Management fund, bonds are held for commercial credit customers of the landfill operation in a fully refundable interest-bearing bank account.

#### 8. Capital Assets:

Capital assets are reported in applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an original, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Both the Board of Education and the Library (component units) define capital assets as assets having an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. For the Library, books and audio visual materials with a useful life greater than one year are capitalized and are valued and depreciated using the group method. For the primary government and component units, donated capital assets are recorded

at estimated fair market value at the date of donation. Normal maintenance and repair costs that do not add to the value of the assets or materially extend assets' lives are not capitalized by the County or the component units.

Significant outlays for capital assets and improvements are capitalized as Construction in Progress while projects are being constructed. Projects are not depreciated until completed or substantially completed and available for use.

Property, plant and equipment of the primary government and the component units are depreciated using the straight line method over the following estimated useful lives:

Charles County Covernment

Books and audio visual materials

Charles County Government	
Buildings	30 years
Improvements	10-30 years
Water and sewer systems	30-50 years
Infrastructure	10-50 years
Machinery and equipment	5-10 years
Vehicles	5 years
Computers & software	3-5 years
Other infrastructure	10-50 years
The Board of Education Buildings and improvements Land improvements Furniture and equipment	30 years 10 years 5 - 10 years
The Library Leasehold improvements Furniture and equipment Vehicles & Computer Equipment	15 - 39 years 7 years 5 years

3 years

#### 9. Net Assets / Fund Equity:

In the government-wide financial statements, equity is classified as net assets and is displayed in three components:

- a. Invested in capital assets, net of related debt consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, equity is classified as fund balance for governmental funds. Further classifications are as follows:

a. Reserved fund balance - this represents amounts that have been legally restricted by outside parties for specific purposes and are not available for appropriation.

- b. Unreserved fund balance represents amounts available for budgeting future operations.
  - Designated fund balance represents tentative management plans for utilizing resources in the subsequent year's budget for financing specific activities and to fund deficits in other funds. These designations are subject to change.
  - Undesignated fund balance represents the remaining fund balance that is available for use.

Equity in the proprietary fund statements is classified the same as in the government-wide statements.

#### 10. Compensated Absences:

Employees of the County earn annual leave, compensatory time and sick leave in varying amounts. It is the County's policy to permit employees to accumulate earned but unused annual leave, compensatory time, and sick pay benefits. Upon separation of service with the County, noncritical employees are reimbursed for accumulated annual leave up to a maximum of 45 days and accumulated compensatory time up to 240 hours. Sworn Officers, Corrections Officers, and certain critical employees of the Sheriff's Office are reimbursed for accumulated annual leave up to a maximum of 720 hours. Sworn Officers can be reimbursed up to 480 hours of compensatory time. There is no liability recorded for unpaid accumulated sick leave since the County does not have a policy to pay any of these amounts when employees separate from service.

The County accrues the value of the accumulated unpaid annual leave, compensatory time and associated employee-related costs when incurred in the government-wide and proprietary fund financial statements. Only the amount of unused annual leave and compensatory pay that is expected to be liquidated with expendable available financial resources (amount estimated to be used within 60 days of year-end) is recorded as an expenditure and a liability in the governmental fund that will pay it. The noncurrent portion for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

#### 11. Long-term Obligations:

In the government-wide financial statements and proprietary fund-types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental fund-types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Capital leases are recorded in the same manner.

#### 12. Revenues, Expenditures, and Expenses:

Property taxes and interest assessed in the current fiscal period are accrued and are recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be earned and therefore recognizable as revenue of the current period.

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified by character.

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing goods in connection with the proprietary fund's principal operations. Operating revenues include user fees and charges. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### 13. Accounting Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

#### NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for all funds of the County, except the two pension trust funds. However, a legal budget is adopted only for the General Fund. Thus, the budgetary financial statement included in this report as required supplementary information does not include Special Revenue Funds, Debt Service Funds, Capital Projects Fund, Proprietary Funds or Fiduciary Funds. The basis for budgeting is the modified accrual basis. All annual appropriations lapse at fiscal year-end. Project-length budgets are adopted for the Capital Projects Fund which is projected in five year increments.

The legal level of budgetary control (that is, the level at which expenditures cannot exceed budgeted appropriations) is at the program level. However, with proper approval by the County Commissioners, budget transfers can be made. The budgeted financial statements represented in this report reflect the final budget authorization, including all amendments made by the County Commissioners. There were no material violations of the annual appropriated budget for the fiscal year ended June 30, 2009.

#### B. Deficit Fund Equity

The Debt Service Fund had a deficit fund balance of \$1,409,944 as of June 30, 2009. The fund incurred a net operating loss in the current fiscal year due to the timing of the County's bond issue in March 2009, the current year's debt payment activity, and the related note repayment schedules for the Nursing Home, Hospital, and American Communities Property Trust (ACPT), as adjusted by any new debt issues.

The Housing Special Loan fund had a deficit fund balance of \$20,174. The deficit balance is the temporary result of the associated costs to evaluate and process the applications for the loan programs that the County will pass along in State grant funding in the subsequent fiscal year.

The Recreation Fund had a deficit fund balance of \$1,312,666 as of June 30, 2009. The deficit balance is the result of operations from an indoor recreation complex. This operation was acquired by the County in May 2006. A contract was awarded to Rink Management Services for the operation of this facility and commenced on July 5, 2008. As a result of their first year managing the facility, significant improvements have been achieved in operations, but the annual debt service requirements are exceeding the operating results thus far.

The Golf Course Fund had a deficit fund balance of \$75,855 as of June 30, 2009. This is the cumulative result of recording the County's OPEB liability share to the operation at year end.

#### NOTE 3. DETAILED NOTES ON ALL FUNDS

#### A. Cash Deposits and Investments

Article 95, Section 22 of the Annotated Code of Maryland states that local governments are authorized to invest in the instruments specified in the State Finance and Procurement Article, Section 6-222 of the Code. In addition, Article 95, Section 22 requires that local government deposits with financial institutions be fully collateralized and that the collateral be of types specified in the State Finance and Procurement Article, Section 6-202. The County Treasurer is charged with the responsibility for selecting depositories and investing idle funds as directed by the State and County Codes. The County Treasurer is further restricted as to the types of deposits and investments in accordance with the County's investment policy. Depository institutions must be Maryland banks and must be approved for use by the County Commissioners.

#### Cash Deposits

At year-end, the carrying amount of the County's deposits was \$10,203,081 and the bank balances were \$11,185,646. Of the bank balance, \$7,931,403 was covered by Federal depository insurance and \$3,254,003 was collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.

At year-end, the carrying amount of the deposits of the Board of Education, a discretely presented component unit, was \$13,262,592 and the bank balance was \$20,983,370. Of the bank balance, \$11,728,750 was covered by Federal depository insurance and \$9,254,619 was covered by collateral held in either the pledging bank's trust department or by the pledging bank's agent in the Board's name.

At year-end, the carrying amount of the deposits of the Library, a discretely presented component unit, was \$39,770 and the bank balance was \$39,067. The bank balance was covered by Federal depository insurance.

#### **Investments**

Statutes authorize the County Treasurer to invest in short-term U.S. government securities or repurchase agreements fully secured by the United States government if the funds are not needed for immediate disbursement. The stated maturities of the investments may not exceed 365 days. Statutes also authorize the Treasurer to invest in the local government investment pool established by state law. Investments are subject to approval of the County Commissioners as to the amount available for investment and the acceptable securities or financial institutions used.

At year-end, the County's cash and investment balances were as follows:

	Total Governmental Funds	Total Fiduciary Funds	Total Enterprise Funds	Total
Cash on hand	\$ 8,932,088	\$ 0	\$ 1,316,848	\$10,248,936
U.S government securities				
Treasuries	0	0	0	0
Agencies	15,976,015	0	0	15,976,015
Repurchase agreements (sweep)	5,000,000	0	0	5,000,000
Money market	933,111	3,321,472	0	4,254,583
Certificates of deposit	24,000,000	0	0	24,000,000
Maryland local government pool	49,183,374	0	0	49,183,374
Bond mutual funds	0	26,148,856	0	26,148,856
Equity securities	0	143,475,165	_ 0	143,475,165
Total cash and investments	\$ 104,024,588	\$172,945,493	\$ 1,316,848	\$278,286,929

At year-end, the Board of Education's cash and investment balances were as follows:

Total cash and investments	\$ 45,221,267
Maryland local government pool	35,036,239
Repurchase agreements	8,500,012
Cash on hand and deposits	\$1,685,016

At year-end, the Library's cash and investment balances were as follows:

Cash on hand and deposits	\$ 40,600
Maryland local government pool	474,784
Total cash and investments	\$ 515,384

Investments in the Maryland Local Government Investment Pool (MLGIP) are not evidenced by securities. The investment pool, not the participating governments, faces the custodial credit risk. The State Treasurer of Maryland exercises oversight responsibility over the MLGIP. A single financial institution is contracted to operate the Pool. In addition, the State Treasurer has established an advisory board composed of Pool participants to review the activities of the contractor quarterly and provide suggestions to enhance the return on investments. The MLGIP maintains an AAAm credit quality rating from Standard and Poor's. The MLGIP uses the amortized cost method to compute unit value rather than market value to report net assets. Accordingly, the fair value of the position in the MLGIP is the same as the value of the MLGIP shares.

Investments made by the County under Agencies consists of several instruments backed by either the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation organizations, and are held in a custodial account along with Treasuries. These agency investments are implicitly guaranteed by the U.S. government and carry a credit rating of AAA.

#### Interest Rate Risk

As a means of limiting its exposure to fair value losses stemming from rising interest rates, the County's investment policy prohibits the investment of operating funds in securities maturing more than 365 days from the date of purchase.

#### **Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, or not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent, but not in the government's name. The County's policy relating to credit risk of investments require that securities underlying all certificates of deposit, repurchase agreements and reverse repurchase agreements have a market value of at least 102 percent of the cost plus accrued interest of the investment. County policies also require that a third party custodian hold investment securities and the collateral underlying all investments, in the governments' name. The County's Treasurer recognized investment diversification as an important safeguard of County assets. Investment instruments, investment maturities, and financial institutions doing business with the County shall be diversified in such a

way to insure that there is no concentration of risk in any of these categories. These diversification standards, as outlined in the County's Joint Statement of Investment Policies, are applied at the time of each investment. .At June 30, 2009, the County's investments were not exposed to custodial credit risk.

#### B. Receivables

Receivables as of year-end for the County's individual major funds and non-major funds in the aggregate were as follows:

	General	Capital Projects	_	Debt Service		Water and Sewer Fund	 Non-major Funds	Total	
Receivables:									
Interest	\$ 117,296	\$ 0	\$	0	\$	7,533	\$ 0	\$	124,829
Taxes	25,276,736	0		28,891,986		0	0	5	4,168,722
Accounts	10,387,822	2,367,247		76,243		5,017,053	2,494,943	2	0,343,308
Special assessments	0	0		9,080		315,870	0		324,950
Intergovernmental	71,513	0		0		0	589,510		661,023
Total receivables	\$ 35,853,367	\$ 2,367,247	\$	28,977,309	\$	5,340,456	\$ 3,302,108	\$7	5,622,834

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	Unearned	<u>L</u>	<u>Inavailable</u>	<u>Total</u>		
Delinquent property taxes receivable (General Fund)	\$ 0	\$	1,885,990	\$	1,885,990	
Deferred property taxes receivable (Debt Service)	0		28,877,959		28,877,959	
Deferred IncomeTax Reserve	0		19,976,876		19,976,876	
Agricultural preservation taxes	1,048,969		0		1,048,969	
Special assessments not yet due	0		9,081		9,081	
School construction impact fees	2,427,870		0		2,427,870	
Grant draw-downs prior to meeting all eligibility requirements	488,628		0		488,628	
Other unearned revenue	99,540		0		99,540	
Loans receivable (Debt Service Fund)	0		48,332,504		48,332,504	
Total unearned revenue for governmental funds	\$ 4,057,349	\$	99,082,410	\$	103,147,417	

#### C. Property Taxes Receivable

The County levies a property tax each July 1 on the assessed value of all taxable real property located within the County on that date. Assessed values are established by the Maryland Department of Assessments and Taxation at assessed market value. A reassessment of all property is required to be completed every three years. The rates of the levy cannot exceed the constant yield tax rate furnished by the Maryland State Department of Assessments and Taxation without public notice and only after public hearings. The real property tax rate during the year ended June 30, 2009 remained constant at \$0.962 per \$100 of assessed value. Property taxes attach as an enforceable lien on the property when levied on July 1 of each year. The taxes are payable without interest by September 30.

Revenue relating to property taxes receivable, which have not been collected within sixty days after year-end, have been reclassified from property tax revenues to deferred revenues in governmental funds.

#### D. Notes Receivable

During the fiscal year, the County entered into its sixth financing agreement with American Community Property Trust (ACPT) in the amount of \$2,000,000 to finance certain road, water and sewer projects within the County. The note receivable was funded through issuance of \$2,000,000 taxable general obligation bonds.

The following is a schedule of the notes receivable balances:

		Total		Prin	cipal Balance
Loan & Year	Bo	orrowed	Term & Rate		6/30/09
Nursing Home 1992	\$	2,300,000	15 years, 5%-8.375%	\$	0
Nursing Home 1995		200,000	15 years, 5.05%-7%		13,343
Nursing Home 2000		500,000	15 years, 3.13%		191,666
Nursing Home 2001		250,000	15 years, 2.55%		116,667
Nursing Home 2002		100,000	15 years, 2.83%		53,333
Nursing Home 2003		150,000	15 years, 3.28%		87,500
Nursing Home 2005		100,000	15 years, 2.67%		71,111
Nursing Home 2006		400,000	15 years, 2.24%		311,111
Subtotal: Nursing Home		4,000,000	•		844,731
Hospital 2004		15,000,000	15 years, 3.04831%		12,304,534
ACPT 2004		8,000,000	15 years, 4%-5%		5,855,000
ACPT 2005		6,000,000	15 years, 5%-5.125%		4,670,000
ACPT 2006		10,000,000	15 years, 5.125%-8%		8,411,250
ACPT 2007		3,000,000	15 years, 5.25%-5.75%		2,682,500
ACPT 2008		3,000,000	15 years, 4.90%-5.25%		2,808,000
ACPT 2009		2,000,000	15 years, 4%-5.375%		1,961,667
So. MD Baseball LLC		9,248,200	15 years, 4.90%-5.25%		8,015,106
CSM		1,000,000	15 years, 3.67%		779,717
Total notes receivable	\$	61,248,200		\$	48,332,505

A first lien security interest on all the Hospital's receipts secures their loan. A first lien security interest on the Nursing Home building and facilities secures the Nursing Home loans. ACPT's loan is collateralized by one letter of credit held by Citibank, N.A. and three others held by Deutsche Bank. These restricted assets are recorded in the Debt Service Fund. Principal and interest payments on the related bonds from these restricted resources are also accounted for in the same fund.

The future minimum note payments receivable for the year ended June 30, 2009 are as follows:

	Nu	rsing Home	10	Hospital		ACPT		So. MD aseball LLC		CSM		Total
2010	\$	159,123	\$	1,247,234	\$	3,100,963	\$	894,000	\$	86,791	\$	5,488,111
2011		139,156		1,247,234		3,084,573		894,000		86,791		5,451,754
2012		139,156		1,247,234		3,085,642		894,000		86,791		5,452,823
2013		139,156		1,247,234		3,079,876		894,000		86,792		5,447,057
2014		139,156		1,247,233		3,075,650		894,000		86,792		5,442,831
2015 – 2019		383,796		6,236,169		15,348,459		4,470,000		433,956		26,872,380
2020 - 2024		65,626		2,182,541		4,929,432		2,682,000	_	79,579		9,939,178
Subtotal		1,165,168		14,654,878		35,704,595		11,622,000		947,491		64,094,133
Less: interest		(320,437)		(2,350,344)		(9,316,178)	_	(3,606,894)	_	(167,774)	_	(15,761,628)
Total future minimum note payments receivable	\$	844,731	\$	12,304,534	\$	26,388,417	\$	8,015,106	\$	779,717	\$	48,332,505

## E. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

# **Primary Government**

Governmental Activities		Beginning Balance		Increases		Decreases		Ending Balance
Capital assets, not depreciated:								
Land	\$	45,876,869	\$	1,689,661	\$	0	\$	47,566,530
Construction in progress	_	204,993,310		41,248,275		(62,055,553)		184,186,032
Total capital assets, not depreciated		250,870,179		42,937,936		(62,055,553)		231,752,562
Capital assets, depreciated:								
Land improvements		6,480,905		1,129,317		(228,301)		7,381,922
Infrastructure		234,223,431		16,476,366		(288,768)		250,411,028
Buildings and improvements		81,089,755		31,943,756		0		113,033,511
Machinery and equipment		15,298,092		22,789,882		(63,609)		38,024,365
Vehicles		18,804,847		1,673,928	_	(800,978)	_	19,677,797
Total capital assets, depreciated		355,897,030	_	74,013,249	_	(1,381,656)	_	428,528,623
Less: accumulated depreciation for:								
Land improvements		(1,458,865)		(427,556)		125,565		(1,760,855)
Infrastructure		(140,930,109)		(6,784,306)		5,007		(147,709,407)
Buildings and improvements		(49,900,041)		(2,147,615)		0		(52,047,657)
Machinery and equipment		(10,514,863)		(2,545,732)		63,609		(12,996,986)
Vehicles		(11,617,448)		(2,349,555)	_	717,207		(13,249,796)
Total accumulated depreciation		(214,421,326)		(14,254,764)		911,388		(227,764,702)
Total capital assets, depreciated, net		141,475,704	_	59,685,029	_	(396,812)		200,763,921
Governmental activities capital assets, net	\$	392,345,883	\$	102,622,965	\$	(62,452,365)	\$	432,516,483

Business-type Activities		Beginning Balance	Increases Decreases		_	Ending Balance		
Capital assets, not depreciated:								
Land	\$	1,982,631	\$	191,555	\$	0	\$	2,174,186
Construction in progress		68,606,801		11,646,832	_	(362,578)	_	79,891,055
Total capital assets, not depreciated	_	70,589,432	_	11,838,387	_	(362,578)	_	82,065,241
Capital assets, depreciated:								
Land improvements		9,770,801		67,097		0		9,837,898
Infrastructure		179,840,430		5,818,066		0		185,658,496
Buildings and improvements		13,910,148		26,781		0		13,936,929
Machinery and equipment		9,233,694		409,068		(70,154)		9,572,608
Vehicles		4,601,220		321,656		(150,776)	_	4,772,100
Total capital assets, depreciated		217,356,293		6,642,668	_	(220,930)	_	223,778,031
Less: accumulated depreciation for:								
Land improvements		(4,716,543)		(266,893)		0		(4,983,436)
Infrastructure		(97,584,217)		(5,130,935)		0		(102,715,152)
Buildings and improvements		(2,842,975)		(1,072,364)		594,028		(3,321,311)
Machinery and equipment		(5,829,887)		(867,714)		62,789		(6,634,812)
Vehicles	_	(3,164,360)		(497,593)		144,176	_	(3,517,777)
Total accumulated depreciation		(114,137,982)		(7,835,499)		800,993		(121,172,488)
Total capital assets, depreciated, net		103,218,311		(1,192,831)		580,063	_	102,605,543
Business-type activities capital assets, net	\$	173,807,743	\$	10,645,556	\$	217,485	\$	184,670,784

Depreciation expense was charged to functions/programs of the primary government as follows:

## Governmental Activities:

General Government	\$	50,935			
Public Safety		4,054,110			
Legislative		155,003			
Judicial		62,498			
Financial Administration		155,283			
Law		2,751			
Planning and Growth		25,352			
Health		176,875			
Community Services		544,905			
Public Facilities		8,929,517			
Education		97,535			
Total depreciation expense - Governmental Activities	\$	14,254,764			
Business-type Activities:					
Water and Sewer		\$5,741,349			
Solid Waste		724,511			
Recycling/Environmental Service		312,077			
Parks		67,736			
Recreation		334,545			
Inspection		34,393			
Total depreciation expense - Business-type Activities	\$7,214,611				

#### **Construction Commitments**

The County has active construction projects as of June 30, 2009. The projects include widening and reconstruction of existing streets and bridges, maintenance of existing roads, landfill expansion, construction of a new Courthouse building, and the improvement and expansion of existing water and sewer facilities. At year-end, the County's project commitments are as follows:

<u>Division / Project</u>	5	Spent-to-Date	Remaining Commitment			
Transportation						
Road and bridge expansions	\$	102,706,887	\$	56,313,616		
Other transportation projects		1,483,341		217,818		
General government						
Courthouse expansion		10,837,866		6,175,714		
Buildings and improvements		14,891,698		15,668,782		
Other general government projects		4,541,912		4,330,028		
Water and sewer						
Expansions and improvements		18,766,039	43,306,040			
Parks						
Expansions and improvements		4,096,386	6,983,024			
Environmental service						
Various environmental service projects		2,075,627		3,324,373		
Total	\$	159,399,756	\$	136,319,395		

Most construction projects are financed, in part or in full, by general obligation bonds. Road and bridge expansions are also financed by off-site road fees and transfers of existing resources from the General Fund. Water and sewer expansions are financed by general obligation bonds, the state, and property owners.

### **Discretely Presented Component Units**

Capital asset activity for the Board of Education for the year ended June 30, 2009, was as follows:

	 Beginning Balance	_	Increases	ncreases Decreases			Ending Balance		
Capital assets, not depreciated:									
Land	\$ 15,280,185	\$	0	\$	0	\$	15,280,185		
Construction in progress	32,614,047	_	11,375,703		(34,501,825)		9,487,925		
Total capital assets, not depreciated	 47,894,232	_	11,375,703		(34,501,825)		24,768,110		
Capital assets, depreciated:									
Buildings	369,842,612		34,603,397		0		404,446,009		
Land improvements	7,371,142		432,749		0		7,803,891		
Furniture and equipment	25,201,669	_	1,386,817		(379,984)		26,208,502		
Total capital assets, depreciated	 402,415,423		36,422,963		(379,984)	_	438,458,402		
Less accumulated depreciation for:									
Buildings	(160,608,604)		(10,344,075)		0		(170,952,679)		
Land improvements	(5,312,336)		(293,335)		0		(5,605,671)		
Furniture and equipment	(16,577,398)		(2,289,578)	_	370,490		(18,496,486)		
Total accumulated depreciation	 (182,498,338)	_	(12,926,988)		370,490		(195,054,836)		
Total capital assets, depreciated, net	219,917,085		23,495,975		(9,494)		243,403,566		
Board capital assets, net	\$ 267,811,317	\$	34,871,678	\$	(34,511,319)	\$	268,171,676		

## Capital asset activity for the Library for the year ended June 30, 2009, was as follows:

	Beginning Balance			Increases Decreases			Ending Balance	
Capital assets, depreciated:								
Furniture and equipment	\$	553,845	\$	94,587	\$	(34,569)	\$	613,863
Library books and AV material		1,035,564	_	238,629		(269,995)		1,004,198
Total capital assets, depreciated		1,589,409		333,216		(304,564)		1,618,061
Less accumulated depreciation		(1,030,644)		(300,144)		(301,369)		(1,029,419)
Library capital assets, depreciated, net	\$	558,765	\$	33,072	\$	3,195	\$	588,642

#### F. Inter-fund Receivables, Payables, and Transfers

The General Fund is the main fund used to collect, invest, and disburse monies for governmental and proprietary funds. This creates temporary inter-fund balances. The composition of inter-fund balances as of June 30, 2009, is as follows:

Total	\$ (24,789,760)	\$	24,789,760		
Other Non-major Funds	 5,501,634		12,646,036		
Water and Sewer Fund	0		12,143,723		
Debt Service Fund	(1,500,213)		0		
Capital Projects Fund	32,768,317		0		
General Fund	\$ (61,559,498)	\$	0		
Due (to) from other funds:	 Sovernmental Activities	Business-type Activities			

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The following is a schedule of inter-fund transfers:

				Transfers In			
Transfers Out	General Fund	Capital Projects Fund	Debt Service Fund	Water and Sewer Fund	Non-major Governmental Funds	Non-major Enterprise Funds	Total
General Fund	\$ (33,690)	\$ 560,670	\$ 0	\$ 25,247	\$ 3,054,379	\$ 76,205	\$3,682,811
Capital Projects Fund Non-major	1,249,082	0	5,072,600	0	0		6,321,682
Governmental Funds Non-major	0	0	0	0	14,632	0	14,632
Enterprise Funds	599,800	0	0	0	0	0	599,800
Total Transfers In:	\$1,815,192	\$ 560,670	\$5,072,600	\$ 25,247	\$ 3,069,011	\$ 76,205	\$10,618,925

#### G. Leases

#### Capital Leases

The County has entered into several lease agreements as lessee for financing the acquisition of various machinery and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception dates. Information on each of the various lease agreements is as follows:

- Fiscal Year 2004 Various equipment for the General Fund, Water and Sewer Fund, Environmental Service Fund, Parks Fund, and Inspection Fund semiannual payments of \$130,695 over five years ending August 2008, including interest at a rate of 2.39%, equipment capitalized at \$1,225,000.
- Fiscal Year 2004 Equipment for the Southern Maryland Criminal Justice Academy semiannual payments of \$5,475 over five years ending April 2009, including interest at rate of 2.94%, equipment capitalized at \$50,575.
- Fiscal Year 2005 Various equipment for the General Fund, Water and Sewer Fund, Environmental Service Fund, Parks Fund, and Inspection Fund semiannual payments of \$159,787 over five years ending August 2009, including interest at a rate of 2.96%, equipment capitalized at \$1,475,000.
- Fiscal Year 2006 Various equipment for the General Fund, Water and Sewer Fund, Environmental Service Fund and I-Net Fund, - semiannual payments of \$205,840 over five years ending July 2010, including interest at a rate of 4.63%, equipment capitalized at \$1,900,000.
- Fiscal Year 2006 Equipment for Charles County Sheriff's Office semiannual payments of \$60,269 over five years ending November 2010, including interest at a rate of 3.398%, equipment capitalized at \$550,000.
- Fiscal Year 2007 Various equipment for the General Fund, Inspection Fund, Parks Fund, and Water and Sewer Fund semiannual payments of \$238,797 over five years ending August 2011, including interest at a rate of 6.10%, equipment capitalized at \$2,150,000.
- Fiscal Year 2007 Meter Replacement Lease for the Water and Sewer Fund semiannual payments starting at \$132,965 and increasing to \$569,142 over fifteen years ending February 2022, including interest at a rate of 6.47%, various components expended at \$5,862,900.
- Fiscal Year 2008 Various equipment for the General Fund, Water and Sewer Fund and Environmental Service Fund - semiannual payments of \$221,025.27 over five years ending August 2012, including interest at a rate of 3.72%, equipment capitalized at \$2,000,000.
- Fiscal Year 2008 Public Safety Portable Radios semiannual payments of \$98,905 over five years ending January 2013, including interest at a rate of 3.50%, equipment capitalized at \$900,160.
- Fiscal Year 2009 Various equipment for the General Fund, Water and Sewer Fund Inspection Fund and Environmental Service Fund semiannual payments of \$330,929 over five years ending September 2013, including interest at a rate of 3.65%, equipment capitalized at \$3,000,000.

The assets acquired through capital leases and still in use are as follows:

	 Governmental Activities	Business-type Activities
Assets:		
Building & Improvements	\$ 90,906	\$ 0
Machinery and equipment	8,083,351	1,921,779
Vehicles	 5,330,394	2,754,508
Total capital assets	13,504,651	4,676,287
Less accumulated depreciation:		
<b>Building &amp; Improvements</b>	(40,474)	0
Machinery and equipment	(4,787,282)	(1,325,310)
Vehicles	 (3,708,444)	(1,914,065)
Total accumulated depreciation	 (8,536,200)	(3,239,375)
Total capital assets, net	\$ 4,968,451	\$ 1,436,912

The future minimum obligations and the net present value of the minimum lease payments as of June 30, 2009, were as follows:

	Governmental Activities			Business-type Activities	Total		
2010	\$	2,041,880	\$	882,074	\$	2,923,954	
2011		1,621,201		912,493		2,533,694	
2012		1,211,319		832,115		2,043,434	
2013		833,707		752,663		1,586,370	
2014		226,521		625,254		851,775	
2015 -2019		0		2,848,200		2,848,200	
2020 - 2022		0		1,843,472		1,843,472	
Subtotal		5,934,628		8,696,271		14,630,899	
Interest		(602,340)		(2,141,804)		(2,744,144)	
Present value of minimum lease payments	\$	5,332,288	\$	6,554,467	\$	11,886,755	

#### H. Long-Term Debt

#### General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$515,853,000. During the year ended June 30, 2009, general obligation bonds totaling \$52,540,000 were issued for consolidated public improvement, of which \$2,000,000 were taxable.

General obligation bonds are direct obligations and pledge the full faith and credit of the County. In the past these bonds have been generally issued as 15-year serial bonds with equal amounts of principal maturing each year. Over the past seven years, the County has issued 10 year bonds as part of it's overall debt issuance as it pertains to the Excise Tax collections assessed annually on new homeowner's tax bills for school construction. The County's General obligation bonds currently outstanding are as follows:

Bond Description and Year	Amount Borrowed	Term and Rate	Governmental Activities Balance 6/30/2009
Consolidated Public Improvement Bonds of 1998	\$4,921,479	15 yrs,4.125% - 4.6%	0/00/2000
Consolidated Public Improvement Bonds of 1999	\$7,758,000	15 yrs,3.875% - 4.4%	0
Consolidated Public Improvement Bonds of 2000	\$6,940,000	15 yrs,4.8% - 5.625%	494,808
Consolidated Public Improvement Bonds of 2001	\$8,497,300	15 yrs,4.125% - 4.7%	1,172,918
Consolidated Public Improvement and Refunding Bonds of 2002	\$20,503,271	15 years, 3% - 5%	7,365,368
Consolidated Public Improvement Bonds of 2003	\$13,164,200	15 years, 2% - 4%	8,620,195
Consolidated Public Improvement Bonds of 2003	\$6,910,000	10 years, 2% - 4%	2,990,000
Consolidated Public Improvement and Refunding Bonds of 2004	\$36,719,700	15 years, 2% - 4%	26,140,656
Consolidated Public Improvement and Refunding Bonds of 2004	\$31,500,000	10 years, 2% - 4%	16,700,000
Consolidated Public Improvement Bonds (Taxable) of 2004	\$8,000,000	15 years, 4% -5%	5,855,000
Consolidated Public Improvement and Refunding Bonds of 2005	\$39,451,102	15 years, 3% -4.5%	26,247,320
Consolidated Public Improvement and Refunding Bonds of 2005	\$10,160,000	10 years, 3% -4.5%	6,610,000
Consolidated Public Improvement Bonds (Taxable) of 2005	\$6,000,000	15 years, 5% - 5.125%	4,755,000
Consolidated Public Improvement Bonds of 2006	\$23,240,000	15 years, 4% -5%	19,526,615
Consolidated Public Improvement Bonds of 2006	\$16,120,000	10 years, 4% - 5%	11,850,000
Consolidated Public Improvement Bonds (Taxable) of 2006	\$10,000,000	15 years, 5.125%-8%	8,545,000
Consolidated Public Improvement Bonds of 2007	\$19,061,000	15 years, 3.5% -4%	17,070,059
Consolidated Public Improvement Bonds of 2007	\$16,300,000	10 years, 3.5% -4%	13,485,000
	\$3,000,000	Distriction of the Control of the Co	
Consolidated Public Improvement Bonds (Taxable) of 2007	900 AND 1700 (1900) 170 AND 1800 AND 18	15 years, 5.75%-5.51%	2,720,000
Consolidated Public Improvement Bonds of 2008	\$15,900,000	15 years, 3% -5%	15,039,271
Consolidated Public Improvement Bonds of 2008	\$1,600,000	10 years, 3% - 5%	1,460,000
Consolidated Public Improvement Bonds (Taxable) of 2008	\$20,000,000 \$39,899,111	15 years, 5%-5.25%	18,975,000
Consolidated Public Improvement Bonds of 2009  Consolidated Public Improvement Bonds of 2009	\$900,000	20 years, 2%-4.25%	39,900,097
Consolidated Public Improvement Bonds (Taxable) of 2009	\$2,000,000	10 years, 2%-4.25% 15 years, 4%-5.375%	900,000
Consolidated Fublic Improvement Bonds (Taxable) of 2000	\$2,000,000	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	258,422,307
Total bonds outstanding			250,422,507
Notes Payable  Loan Description and Year	Amount Borrowed	Term and Rate	Governmental Activities Balance 6/30/2009
	125-032-0410-0420-0410	No. of the second secon	
FHA Loan 1973  MD Water Quality Revolving Loan Fund for Pisgah Landfill	\$250,000 \$7,838,664	40 years, 3.649% 15 years, 4.37%	84,702 1,572,872
Total loans outstanding	\$7,000,004	. o yours, 4.01 /0	1,657,574
1000 000 000 000 000 000 000 000 000 00			
Total bonds & loans outstanding			\$ 260,079,881

Bond Description and Year	Amount Borrowed	Term and Rate	Business-type Activities Balance 6/30/2009
Consolidated Public Improvement Bonds of 1998	\$478,521	15 years,4.125% - 4.6%	0
Consolidated Public Improvement Bonds of 1999	\$242,000	15 years,3.875% - 4.4%	0
Consolidated Public Improvement Bonds of 2000	\$4,210,000	15 years, 4.8% - 5.625%	300,192
Consolidated Public Improvement Bonds of 2001	\$3,177,800	15 years,4.125% - 4.7%	442,082
Consolidated Public Improvement and Refunding Bonds of 2002	\$6,356,729	15 years, 3% - 5%	1,959,632
Consolidated Public Improvement Bonds of 2003	\$8,925,800	15 years, 2% - 4%	5,844,805
Consolidated Public Improvement and Refunding Bonds of 2004	\$4,550,300	15 years, 2% -4%	3,239,344
Consolidated Public Improvement and Refunding Bonds of 2005	\$13,098,900	15 years, 3% - 4.5%	8,997,680
Consolidated Public Improvement Bonds of 2006	\$3,640,000	15 years, 4%-5%	3,058,385
Consolidated Public Improvement Bonds of 2007	\$14,639,000	15 years, 3.5 %- 4 %	13,109,941
Consolidated Public Improvement Bonds of 2008	\$9,500,000	15 years, 3%-5%	8,985,729
Consolidated Public Improvement Bonds of 2009	\$9,740,890	20 years, 2%-4.25%	9,739,903
Total bonds outstanding			\$55,677,693
Notes_Payable			
	Amount Borrowed	Term and Rate	Business-type Activities Balance 6/30/2009
MD Water Quality Revolving Loan Fund of 1996	\$1,512,911	15 years, 4.35%	260,217
MD Water Quality Revolving Loan Mattawoman BNR Upgrade	\$14,767,900	20 years, 1.200%	12,770,940
Total loans outstanding			13,031,157
Total bonds & loans outstanding			\$ 68,708,850

#### **Current and Advanced Refunding and Defeased Debt**

On April 29, 2009, the County issued \$52,540,000 in general obligation bonds, \$2,000,000 of which was taxable. The remaining \$50,540,000 of tax exempt bonds was used to finance certain capital projects in the County as well as to refinance select outstanding debt as detailed below.

#### Current Refunding:

Of the \$52,240,000 of general obligation bonds that were issued, \$5,055,000 was used to refund \$5,070,000 in outstanding debt maturities of the County's Consolidated Public Improvement Bonds of 1998 and 1999. The refunded bonds were called on May 15, 2009 and are no longer outstanding on the County's books.

#### Advanced Refunding:

Of the \$52,240,000 of general obligation bonds that were issued, \$9,485,000 was used to defease \$9,410,000 in outstanding debt maturities of the County's Consolidated Public Improvement Bonds of 2000 and 2001. The refunded bonds will be called on February 1, 2010 and February 1, 2011, respectively. In

prior years the County has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the County's government-wide financial statements. As of June 30, 2009, the amount of defeased debt outstanding but removed from the financial statements amounted to \$9,410,000.

#### Summary:

As a result of the refunding, \$14,540,000 in refunding bonds was used to refund a total of \$14,480,000 in outstanding debt from the County's 1998, 1999, 2000, and 2001 bond issues. The refunding was undertaken to reduce total future debt service payments without extending the life of debt. The refunding debt exceeded the refunded debt by \$60,000. This difference is being amortized over the remaining life of the refunded debt. This transaction resulted in a reduction of \$868,874 in future debt service payments by the County.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009 was as follows:

Governmental activities:	Beginning <u>Balances</u>		Additions	Reductions	Ending <u>Balances</u>		mounts Due Within One <u>Year</u>
General obligation bonds	\$ 250,841,80	7 \$	42,800,097	\$ (35,219,597)	\$	258,422,307	\$ 27,279,770
Notes payable	2,146,166	;	0	(488,592)		1,657,574	509,889
Capital leases	5,178,942	)	2,019,000	(1,865,654)		5,332,288	1,706,909
Net Pension Obligation	443,483	3	0	(15,880)		427,603	0
Net OPEB Obligation	11,770,824	ļ	8,564,845	0		20,335,669	0
Compensated absences	11,541,126	;	1,148,650	0		12,689,776	1,163,936
Governmental activities noncurrent liabilities	281,922,348	3	54,532,592	(37,589,723)	79	298,865,217	30,660,504
Business-type activities:							
General obligation bonds	53,663,193	3	16,276,210	(14,261,710)		55,677,693	4,710,167
Notes payable	13,826,797	,	0	(795,640)		13,031,157	809,032
Capital leases	6,219,175	j	981,000	(645,708)		6,554,467	612,852
Landfill closure costs	4,717,090	)	181,835	0		4,898,925	0
Net Pension Obligation	142,692	!	1,336	(7,933)		136,095	0
Net OPEB Obligation	1,972,421		1,406,213	0		3,378,634	0
Compensated absences	1,535,429	<del>)</del>	76,682	(59,413)		1,552,698	203,776
Business-type activities noncurrent liabilities	82,076,797	,	18,923,276	(15,770,404)		85,229,669	6,335,827
Total primary government noncurrent liabilities	\$ 363,999,14	7 \$	73,455,868	\$ (53,360,127)	\$	384,094,886	\$ 36,996,331
Component units:							
Board of Education	\$ 32,984,26	9 \$	20,377,085	\$ 0	\$	53,361,354	\$ 500,000
Library	\$ 171,04	9 \$	12,281	\$ 0	\$	183,330	\$ 183,330

For the governmental activities, compensated absences are generally liquidated by the general fund and certain special revenue funds.

The annual requirements to amortize all debt outstanding as of June 30, 2009, including interest of \$91,871,791 and excluding compensated absences, net pension obligation, OPEB obligation and landfill closure costs, are as follows:

**Business-type Activities** 

Governmental Activities

Year ending June 30	Principal	Interest	Principal	Interest	Total
2010	\$ 29,496,568	\$ 10,910,531	\$ 6,132,051	\$ 2,629,049	\$ 49,168,199
2011	27,064,797	10,127,610	6,047,494	2,474,511	45,714,412
2012	27,158,984	9,058,222	5,871,431	2,263,354	44,351,991
2013	25,686,384	7,946,709	5,629,405	2,060,692	41,323,190
2014	24,780,409	6,950,985	5,644,962	1,869,631	39,245,987
2015-2019	87,820,679	20,898,457	26,909,483	6,177,597	141,806,216
2020-2024	34,258,777	5,336,816	15,348,757	1,685,668	56,630,018
2025-2029	 9,145,570	1,187,554	3,679,734	294,405	14,307,263
	\$ 265,412,168	\$ 72,416,884	\$ 75,263,317	\$ 19,454,907	\$ 432,547,276

#### Conduit Debt

Charles County Government has issued five economic development revenue bonds for the express purpose of providing capital financing for specific third parties that are not a part of the Charles County Government's financial reporting entity. These bonds neither constitute an indebtedness nor do they represent a pledge of the full faith and credit of the Charles County Government and are not reported as liabilities on the accompanying financial statements. Of these five issues, three of them have been satisfied or paid in full. For the two issues remaining, the aggregate principal amount outstanding at June 30, 2009 is \$1,509,437.

#### Special Assessment Debt

In prior years, the County has had requested and granted various special assessments on projects petitioned by citizens. These projects are performed by the County, but the cost is fully funded by the property owners. No debt has been issued for these projects to date rather they have been funded on a pay-go basis.

### I. Restricted Assets

The details of the restricted assets are as follows:

Governmental Activities		
Cash and cash equivalents:		
Inmate account	\$ 37,769	
County Attorney escrow	10,001	
SAO Restitution account	3,127	
Lease deposits	10,006	
Construction escrow	1,406,561	
Total cash and cash equivalents	-	\$ 1,467,464
Notes receivable:		
Nursing Home	844,731	
Civista	12,304,534	
ACPT	26,388,416	
So. MD Baseball LLC	8,015,106	
College of Southern Maryland	 779,717	
Total notes receivable		48,332,504
Total Governmental Activities		49,799,968
Business-type Activities		
Cash and cash equivalents: Landfill Bonds		121,851
TOTAL PRIMARY GOVERNMENT		\$ 49,921,819

# J. Fund Balance Analysis

The following are the components of Fund Balance in the governmental funds:

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds	
Fund balances:						
Reserved for:						
Inventory	\$ 1,521,884		\$ 0	\$ 0	\$ 1,521,884	
Capital outlay	627,984	22,612,742	0	0	23,240,726	
Economic development	701,199	0	0	0	701,199	
Judicial grants	0	0	0	50,470	50,470	
Transportation	0	0	0	764,621	764,621	
Public safety	0	0	0	370,793	370,793	
Community development grants	0	0	0	171,808	171,808	
Housing	0	0	0	2,648,562	2,648,562	
Animal control	0	0	0	73,049	73,049	
Drug enforcement	0	0	0	495,272	495,272	
Fire and rescue	0	0	0	200,273	200,273	
Mental health	0	0	0	112,453	112,453	
I-net technology	0	0	0	830,858	830,858	
Total reserved	2,851,067	22,612,742	0	5,718,158	31,181,967	
<u>Unreserved:</u>						
Designated for:						
Health insurance	1,128,981	0	0	0	1,128,981	
Animal control	22,861	0	0	0	22,861	
Housing	338,494	0	0	0	338,494	
Infrastructure	0	2,946,494	0	0	2,946,494	
Road improvements	0	216,534	0	0	216,534	
Parks	10,839	0	0	0	10,839	
Policy Target	23,386,699	0	0	0	23,386,699	
CIP & operations	17,199,225	0	0	0	17,199,225	
Total designated	42,087,099	3,163,028	0	0	45,250,127	
<u>Undesignated:</u>						
Other undesignated	2,378,609	0	0	0	2,378,608	
Housing Special Loans	0	0	0	(20,174)	(20,174)	
Debt Service	0	0	(1,409,944)	0	(1,409,944)	
Total undesignated	2,378,609	0	(1,409,944)	0	948,491	
Total unreserved	44,465,708	3,163,028	(1,409,944)	(20,174)	46.198,618	
Total fund balances (deficit)	\$ 47,316,775	\$ 25,775,770	\$ (1,409,944)	\$ 5,697,984	\$ 77,380,585	

#### NOTE 4. RISK MANAGEMENT

#### Liability Insurance

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County was unable to obtain general liability, public officials legal liability, police legal liability, business auto liability, and auto physical damage insurance from commercial insurance companies at a cost it considered to be economically justifiable. The County and other local governments throughout the State joined together to form the Local Government Insurance Trust (LGIT), a public entity risk pool. The County pays an annual premium to LGIT for its general insurance coverage. LGIT is self-sustaining through member premiums and will reinsure through commercial companies.

#### Self-Insured Health Care

The County is self-insured for employee health insurance through agreements with CareFirst BlueCross BlueShield, CareFirst BlueChoice, and Delta Dental. Employees contribute 30% of the estimated cost of the plan, and the County contributes 70%. Certain outside agencies and some retirees are also covered under this agreement with varying contribution levels. The health insurance agreements are claims-made policies with administrative fees paid to all carriers. The policies include stop-loss provisions for claims in excess of \$125,000 per person/per year for CareFirst. Claims in excess of this limit are covered by the insurance carrier. Delta Dental does not have a stop-loss provision. At June 30, 2009, a liability of \$870,000 (\$564,521 in governmental-type funds and \$305,479 in business-type funds) was recorded for estimated claims incurred but not yet reported (IBNR), which represents the estimated run-out claims liability should the self-insurance agreement be terminated. Historical experience and actuarial assumptions were the basis used in estimating the liabilities for unpaid claims.

The changes in the County's claims liability are as follows:

Fiscal Year	nning of ear	Cha	ns and nges in mates	Paym	nents	End	of Year
2004	\$ 750	\$	410	\$	0	\$	1,160
2005	1,160		600		0		1,760
2006	1,760		0		0		1,760
2007	1,760		(800)		0		960
2008	960		(90)		0		870
2009	870		0		0		870

#### Other Insurance

The County continues to carry commercial insurance for other risks of loss, including other general liability; earth movement; flood; employee health, dental, and life; worker's compensation, unemployment, and long-term disability insurance. Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five years.

#### NOTE 5. COMMITMENTS AND CONTINGENCIES

#### A. Contingencies Under Grant Provisions

The County participates in federal- and state-assisted programs and is a recipient of several grants. These programs and grants are subject to financial and compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as a result of these audits is not believed to be material. The County has experienced audits of a few programs during the year ended June 30, 2009, which have not resulted in any findings or liabilities. The County does not expect any disallowance of grant expenditures in the future.

#### NOTE 6. PENSION PLANS

The County maintains two separate single-employer, defined benefit pension plans: one for Sheriff's Office and Communications employees and one for substantially all other full-time County employees. The two pension plans are maintained as Pension Trust Funds.

Charles County also administers a single employer defined benefit length of service award program (LOSAP) for volunteer fire and rescue members of all Charles County Companies and Departments. The County does not produce separate comprehensive annual financial reports for any of these three plans. Therefore, all required disclosures for the plans are included within this report.

The following are the required statements for the County's Fiduciary Funds, including the OPEB trust funds that are explained in detail under Note 7 starting on page 85:

# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING STATEMENT OF FIDUCIARY NET ASSETS JUNE 30, 2009

County's Pension Sheriff's Pension OPEB Trust Funds LOSAP Funds	Total
ASSETS: Current assets:	
Cash and cash equivalents \$ 2,430,035 \$ 460,774 \$ 430,663 \$ 0 \$	3,321,472
Interest receivable 0 124,268 0 0	124,268
Total current assets 2,430,035 585,042 430,663 0	3,445,741
Investments at fair value:	
Bond mutual funds 11,730,877 14,417,979 0 0	26,148,856
Equity securities 61,209,167 74,188,928 0 8,077,070	143,475,165
Total investments 72,940,044 88,606,907 0 8,077,070	169,624,021
Total assets 75,370,079 89,191,949 430,663 8,077,070	173,069,761
LIABILITIES:	
Accrued expenses (38,525) 0 0 0	(38,525)
NET ASSETS:	
Held in trust for pension benefits \$ 75,331,554 \$ 89,191,949 \$ 430,663 \$ 8,077,070 \$	173,031,236

# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS YEAR ENDED JUNE 30, 2009

	County's I	Pension	5	Sheriff's Pension	9	OPEB Trust Funds		LOSAP Funds	<u>Total</u>
ADDITIONS:									
Contributions:									
Employer contributions	\$ 6,1	69,831	\$	5,861,072	\$	430,663	\$	8,077,070	20,538,636
Employee contributions	2,0	62,532		2,173,854		0		0	4,236,386
Total contributions	8,2	32,363		8,034,926		430,663		8,077,070	24,775,022
Investment earnings:									
Interest	2,8	03,402		329,028		0		0	3,132,430
Net decrease in fair value of investments	(12,0	40,878)		(17,046,036)		0		0	(29,086,914)
Total investment earnings	(9,2	37.476)		(16,717,008)		0		0	(25,954,484)
Less investment expenses	(1,0	46,337)		418,806		_ 0	2000	0	(627,532)
Net investment earnings	(10,2	83,813)		(16,298,202)		0	_	0	(26,582,016)
Total additions	(2,0	51,449)		(8,263,276)	_	430,663		8,077,070	(1,806,993)
DEDUCTIONS:									
Benefits paid to members	2,0	02,154		4,984,400		0		0	6,986,554
Administrative costs	5	11,934		202,752		0		0	714,686
Total deductions	2,5	14,088		5,187,152		0		0	7,701,240
Changes in net assets	(4,5	65,537)		(13,450,428)		430,663		8,077,070	(9,508,234)
Net assets - beginning of year	79,8	97,093	_	102,642,377		0		0	182,539,470
Net assets - end of year	\$ 75,3	31,555	\$	89,191,949	\$	430,663	\$	8,077,070	173,031,236

#### A. Sheriff's Office Retirement Plan

**Plan Description** - The Sheriff's Office Retirement Plan (SORP) is a single-employer defined benefit pension plan. The County administers the plan in accordance with Article 25, Section 3 (g-1) of the Annotated Code of Maryland. The County Commissioners have the power and authority to establish and amend the benefit provisions of the SORP. All full-time employees classified as sworn officers, correctional officers or communications employees are eligible to participate in this plan. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. Cost of living adjustments are also provided.

Membership in the plan consisted of the following at July 1, 2008, the date of the last actuarial valuation:

	Sworn Officers	Correctional Officers	Communications Employees
Active plan members	284	144	39
Retirees and beneficiaries receiving benefits	86	8	4
Disabled, receiving benefits	13	1	0
Vested termination	0	1	0
	383	154	43

Prior to July 1, 1995, the County contracted with an insurance company to provide the guaranteed payment of benefits for retirees of the SORP. Beginning July 1, 1995, the County enacted significant changes in the eligible classes of employees and in the investment policies. Currently, the insurance company has responsibility for payment of benefits only for those employees who retired before July 1, 1995. The funding of continued benefits for those pre-7/1/95 retirees comes from the County, based on quarterly calculations made by the insurance company. Assets held by the insurance company for payment of benefits total \$4,597,976 at June 30, 2009, and are classified as fixed income investments. Benefits paid by the insurance company for the year ended June 30, 2009 totaled \$1,116,487.

Summary of Significant Accounting Policies: Basis of Accounting and Valuation of Investments - The statement of plan net assets and the statement of changes in plan net assets are prepared on the accrual basis of accounting. SORP member contributions are recognized when due. The County's employer's contributions are recognized when due and a formal commitment to provide the contributions has been made. Employer-required contributions are calculated by an independent actuarial firm and are paid after formal approval by the County Commissioners. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Market quotations are used for investments traded in an active securities market, and contract values are used for unallocated insurance contracts. Investments are managed by an investment committee which includes an outside investment consultant. The plan is administered by a third-party administrator. Fund assets are held by a custodian. The County does not issue a stand-alone financial report for the Sheriff's Office Retirement Plan, nor is it included in the report of any other entity.

Contributions and Reserves - The County Commissioners have the power and authority to establish and carry out a funding policy and method consistent with the objectives of the Plan. Sworn officers are required to contribute 8% of their base earnings. Correctional officers and communications dispatchers are required to contribute 7% of their base earnings. Base earnings are the employee's earnings as of the first day of the County's fiscal year. Earnings for contribution purposes are adjusted annually, on July 1. The County makes the required employer contributions annually, as actuarially determined. Administrative costs of the Plan are financed through investment earnings and additional contributions of the employer.

**Investment Concentrations** - At June 30, 2009, net assets were invested in fixed income mutual funds (17%) and Equity mutual funds (83%).

Plan Provisions - The following are the plan provisions of the SORP:

Vesting: For Sworn Officers 5 years of service is required to be 100% vested. For

Communications & Corrections Officers, 20 years of service is required to be 100%

vested.

Normal Retirement Age: 25 years of service, or age 60, if earlier. 20 years of service, or age 60, if earlier, for

Sworn Officers hired before 7-1-86.

Normal Form of Benefit: Single life annuity with death benefit of undistributed employee contributions plus

accumulated interest at 3.0% compounded annually to date of retirement. Other forms

are the actuarial equivalent.

Post-Retirement Cost of Living Increases:

CPI index, but no more or less than 4% in a year.

Employee Contributions: 8% of base earnings for Sworn Officers. 7% of base earnings for Correctional and

Communications

Average Compensation: Three year average of base pay on July 1.

Benefit Formula: Sworn Officers - 3% for each of first 20 years and 2% thereafter, to a maximum of 80%

of average compensation.

Correctional Officers - 2.25 % per year to a maximum of 75% of average compensation. Communications Employees - 2.0% per year to a maximum of 75% of average

compensation.

DROP: For Sworn Officers a 5 year DROP (Deferred Retirement Option Program) is offered.

DROP allows a sworn member of the Sheriff's Office to retire without terminating employment for up to 5 years. DROP credits consist of DROP monthly retirement income deposits and County pick-up contributions. DROP monthly retirement income deposits are subject to annual COLA. DROP account balances are credited with 7%

interest each July 1.

Service: Up to three years of military service counts for benefit, but not eligibility. Accumulated

sick leave provides an increased benefit percentage of 1% for 500 hours and an

additional 0.1% for each additional 100 hours to a maximum of 4.0%.

<u>Early Retirement</u>: With at least 20 years of service, reduction factors are as follows:

Sworn Communications Years early (post 7/1/86) & Corrections 1 3.0% 8.4% 6.0% 2 16.8% 3 9.0% 25.2% 4 12.0% 32.4% 5 15.0% 39.6%

Termination Prior to Retirement:

Return of employee contributions with 3% interest.

Line of Duty Disability:

Total and Permanent: 66-2/3% average compensation reduced by 50% of Social Security benefits, 100% of

Worker's Compensation benefits and LTD benefits, if any.

Disability from Own

Position:

A percentage of final 3 years average earnings, based on percentage disability as

determined by the Disability Review Board, subject to:

a) a minimum of 15%

b) a maximum of 50%

c) offset of 50% of Social Security

d) offset of 100% of Workers Compensation

e) offset by LTD benefits, if any.

Communications Dispatchers are not eligible for this benefit.

Non-Line of Duty Disability:

5 Years of Service is required for this benefit.

Total and Permanent:

A percentage of final 3 years average earnings, based on percentage disability as determined by the Disability Review Board, subject to:

a) a minimum of 15% b) a maximum of 40%

c) offset of 50% of Social Security

d) offset of 100% of Worker's Compensation e) no benefit until LTD benefits, if any, expire.

Disability from Own

Position:

A percentage of final 3 years average earnings, based on percentage disability as determined by the Disability Review Board, subject to:

a) a minimum of 15% b) a maximum of 40%

c) offset of 50% of Social Security

d) offset of 100% of Worker's Compensation e) no benefit until LTD benefits, if any, expire.

Disability must be catastrophic (loss of limb, loss of hearing, blindness).

Communications Dispatchers are not eligible for this benefit.

Pre-Retirement Spouse's Benefit:

Line of Duty Death

Benefit:

66-2/3% of Participant's average compensation less any survivor benefits paid under

Social Security.

Non-Line of Duty

Death Benefit:

100% of the normal retirement benefit accrued to date of death, with reduction based

on spouse's age.

Other Pre-Retirement

Death Benefits:

A Beneficiary will receive employee contributions plus credited interest.

Annual Pension Cost and Net Pension Obligation - The annual pension cost for the year ended June 30, 2009 was equal to the amount of the Annual Required Contribution of \$5,861,072. There was no net pension obligation at June 30, 2009. The Annual Required Contribution for the current year was determined as part of the July 1, 2008 actuarial valuation. The actuarial assumptions and methods included:

Funding Method: Projected unit credit with amortization of the unfunded accrued liability over a period of

20 years as level percentage of pay. Total payroll is assumed to increase 3.5% per

year.

Asset Method: Three-year averaging method. Returns on the average market value of assets above

or below the assumed 8% return are gradually recognized over a three-year period.

Interest: 8% compounded annually.

Post Retirement COLA

Increases: 3% compounded annually, no limit.

Mortality: RP-2000 Blue Collar Mortality. A five-year set-forward is used for post-disability

mortality.

Salary Increases:

5.5% compounded annually.

DROP Load Factor:

Retirement liabilities were loaded to reflect Sworn Officers electing a 5-year DROP. Sample rates are:

Sherif	f's hired p	prior to 7/1	/1986	Sherif	f's hired a	fter to 7/1	/1986	
		Years of	Service			Years of S	Service	
Age	25	30	<u>35</u>	Age	25	30	35	_
45	1.055	1.071	1.219	45	1.000	1.071	1.219	
50	1.075	1.092	1.242	50	1.000	1.092	1.242	
55	1.105	1.121	1.275	55	1.000	1.121	1.275	

These factors are based on Blue Collar Male Mortality at 8%. DROP account accrues interest at 7% per year and DROP credits increase each year by the COLA.

Disability:

Sample rates are:

<u>Age Rate</u>
25 0.19%
35 0.28%
45 0.98%

Rates are reduced by 50% for corrections and communications employees.

Assumed Disability Benefit:

66-2/3% of average compensation reduced by \$5,000 per year to model the offsetting

benefits.

Turnover:

Sample rates for those with 0-10 years of service are:

	Sworn	Corrections and
Age	Officers	Communications
25	6.03%	15.45%
35	5.26%	13.72%
45	3.35%	10.33%

The turnover rates for those with 10-15 years of service are assumed to be 50% of those with 0-10 years of service. The rates for those with more than 15 years of service are assumed to be 10% of the base rates for the Deputy Sheriffs and 37.5% of the base rates for the Correctional Officers and Communications Employees.

Retirement:

Sheriffs hired prior to 7/1/1986

Years of Service	% Retiring
0-19	0%
20	50%
21+	20%

100% of participants are assumed to retire at age 60.

Sheriffs hired after to 7/1/1986

Years of Service	% Retiring
0-19	0%
20	10%
21-24	5%
25	50%
26-27	0%
28+	20%

100% of participants are assumed to retire at age 60.

#### Corrections & Communications

Years of Service							
Age	0-19	20-24_	25	26+			
40	0.00%	12.23%	50.00%	20.00%			
45	0.00%	10.33%	50.00%	20.00%			
50	0.00%	7.23%	50.00%	20.00%			
55	0.00%	2.74%	50.00%	20.00%			
60	100%	100%	100%	100%			

Sick Leave: Unused sick leave is assumed to increase 60 hours per year.

<u>Termination:</u> For Sworn Officers, participants terminating with 5 or more years of service are eligible

for a benefit. Participants reaching age 45 are assumed to receive accrued benefit upon reaching age 60. All other participants are assumed to elect to receive a refund

of their contributions.

Communications and Corrections Officers terminating with less than 20 years of service (normal retirement eligibility) are assumed to receive a refund of their contributions.

Military Service: Actual service.

Loading: A 0.5% expense loading is added to liabilities and normal cost for administrative

expenses and \$95,000 is added to normal cost for investment expenses. The \$95,000

is new for the 2008 valuation.

#### Other Methods and Assumptions:

Cost and assets are measured separately for each of the three employee groups. If employees transfer between groups, assets are also transferred. The allocation between each group is intended to be an approximation of the cost and assets as if each had a separate plan. However, there is only one plan and trust fund.

Transferred and purchased service are tracked for each employee. All known and confirmed service is included in the current valuation. The value of remaining employee contributions to purchase service is included in the actuarial value of assets.

The July 2008 valuation determines the cost for fiscal year 2010.

The valuation cost is also the GASB 27 pension expense. The actuary believes that there is no past or current Net Pension Obligation (NPO).

The salary provided is as of July 1, 2008. It is assumed to be the salary for the next 12 months and not part of the accrued benefit when measuring projected benefits. Projected salary is limited to the current 401(a)(17) pay cap.

The Schedule of Employer Contributions and the Schedule of Funding Progress are as follows:

# SCHEDULE OF EMPLOYER CONTRIBUTIONS SHERIFF'S OFFICE RETIREMENT PLAN

	<u>Annual</u>	Percentage of	
Fiscal Year	Required	ARC	<b>Net Pension</b>
<b>Ending</b>	Contribution	Contribution	<b>Obligation</b>
6/30/03	\$ 4,240,911	100%	\$0
6/30/04	\$ 4,100,000	100%	\$0
6/30/05	\$ 4,150,000	100%	\$0
6/30/06	\$ 4,451,597	100%	\$0
6/30/07	\$ 5,263,564	100%	\$0
6/30/08	\$ 4,955,872	100%	\$0
6/30/09	\$ 5,861,072	100%	\$0

# SCHEDULE OF FUNDING PROGRESS SHERIFF'S OFFICE RETIREMENT PLAN

Actuarial Valuation Date	Ac	tuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Un	funded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Cov	ered Payroll (c)	UAAL as a % of Covered Payroll ((b-a) /c)
Deputy Sheriffs									
7/1/03	\$	58,578,432	\$ 77,141,215	\$	18,562,783	75.9%	\$	12,981,937	143.0%
7/1/04	\$	63,700,221	\$ 82,011,919	\$	18,311,698	77.7%	\$	13,438,004	136.3%
7/1/05	\$	71,281,359	\$ 91,951,068	\$	20,670,709	77.5%	\$	14,195,503	145.6%
7/1/06*	\$	80,364,953	\$ 99,525,770	\$	19,160,817	80.7%	\$	15,923,523	120.3%
7/1/06	\$	80,364,953	100,619,352	\$	20,254,399	79.9%	\$	15,923,523	127.2%
7/1/07**	\$	90,764,831	\$ 108,715,685	\$	17,950,854	83.5%	\$	16,900,338	106.2%
7/1/07	\$	90,764,831	\$ 111,427,411	\$	20,662,580	81.5%	\$	16,900,338	122.3%
7/1/08	\$	98,067,749	\$ 121,806,238	\$	23,738,489	80.5%	\$	18,653,670	127.3%
Corrections Office	ers								
7/1/03	\$	6,326,472	\$ 8,147,038	\$	1,820,566	77.7%	\$	4,323,886	42.1%
7/1/04	\$	7,322,494	\$ 9,220,494	\$	1,898,000	79.4%	\$	4,612,304	41.2%
7/1/05	\$	8,536,271	\$ 10,885,333	\$	2,349,062	78.4%	\$	5,219,549	45.0%
7/1/06*	\$	9,974,590	\$ 12,679,170	\$	2,704,580	78.7%	\$	6,086,937	44.4%
7/1/06	\$	9,974,590	\$ 12,841,699	\$	2,867,109	77.7%	\$	6,086,937	47.1%
7/1/07	\$	11,894,146	\$ 14,773,914	\$	2,879,768	80.5%	\$	6,898,253	41.7%
7/1/08	\$	13,315,300	\$ 17,613,334	\$	4,298,034	75.6%	\$	7,834,547	54.9%
Communications	Emp	oloyees							
7/1/03	\$	2,506,049	\$ 2,880,964	\$	374,915	87.0%	\$	1,011,127	37.1%
7/1/04	\$	2,674,056	\$ 3,180,222	\$	506,166	84.1%	\$	1,145,301	44.2%
7/1/05	\$	2,998,552	\$ 3,496,802	\$	498,280	85.8%	\$	1,175,771	42.4%
7/1/06*	\$	3,353,839	\$ 3,982,409	\$	628,570	82.4%		1,481,266	42.4%
7/1/06	\$	3,353,839	\$ 4,027,929	\$	674,090	83.3%	\$	1,481,266	45.5%
7/1/07	\$	3,854,388	\$ 4,518,778	\$	664,390	85.3%	\$	1,698,330	39.1%
7/1/08	\$	4,243,211	\$ 5,352,606	\$	1,109,395	79.3%	\$	1,948,764	56.9%
Total									
7/1/03	\$	67,410,953	\$ 88,169,217	\$	20,758,264	76.5%	\$	18,316,950	113.3%
7/1/04	\$	73,696,771	\$ 94,412,635	\$	20,715,864	78.1%	\$	19,195,609	107.9%
7/1/05	\$	82,816,152	106,333,203	\$	23,517,051	77.9%	\$	20,590,823	114.2%
7/1/06*	\$	93,693,382	\$ 116,187,349	\$	22,493,967	80.6%	\$	23,491,726	95.8%
7/1/06	\$	93,693,382	\$ 117,488,980		23,795,598	79.7%	\$	23,491,726	101.3%
7/1/07**	\$	106,513,365	128,008,377	\$	21,495,012	83.2%	\$	25,496,921	84.3%
7/1/07	\$	106,513,365	\$ 130,720,103	\$	24,206,738	81.5%	\$	25,496,921	94.9%
7/1/08	\$	115,626,260	\$ 144,772,178	\$	29,145,918	79.9%	\$	28,436,981	102.5%
Note: *Before mo	rtalit	ty change.							

Note: \*Before mortality change \*\*Before plan change.

#### B. County Employees Retirement Plan

**Plan Description** - The County Employees Retirement Plan (the County Plan) is a single-employer defined benefit pension plan, established in accordance with Article 25, section 3(g) of the Annotated Code of Maryland. The County Commissioners have the power and authority to establish and amend the benefit provisions of the County Plan. All full-time employees not otherwise eligible for the SORP are eligible to participate in this plan. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. Cost of living adjustments are also provided.

Membership in the plan consisted of the following at July 1, 2008, the last date of the last actuarial valuation:

Active plan members	859
Terminated, entitled to but not yet receiving benefits	104
Retirees and beneficiaries receiving benefits	152
	1,115

Summary of Significant Accounting Policies: Basis of Accounting and Investment Valuation - The statement of plan net assets and the statement of changes in plan net assets are prepared on the accrual basis of accounting. Member contributions are recognized when due. Employer-required contributions are recognized upon formal approval by the County Commissioners. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Market quotations are used for investments traded in an active securities market, and contract values are used for unallocated insurance contracts. Investments are managed by an investment committee which includes an outside investment consultant. The plan is administered by a third-party administrator who also acts as custodian for the fund assets. The County does not issue a stand-alone financial report for the County Employees Retirement Plan, nor is it included in the report of any other entity.

Contributions and Reserves - The County Commissioners have the power and authority to establish and carry out a funding policy and method consistent with the objectives of the Plan. Active non-public safety plan members are required to contribute 4% of their base earnings to the Plan and no contributions are required after 31 years of credited service. Public safety plan members are required to contribute 7% of their base earnings. Base earnings are the employee's earnings as of the first day of the County's fiscal year. Earnings for contribution purposes are adjusted only once annually, on July 1. The County normally makes employer contributions annually as actuarially determined. For the year ended June 30, 2009, the County fully funded the ARC of \$6,169,831 to the Plan as recommended in the actuarial as of July 1, 2008. Administrative costs of the Plan are financed through investment earnings and additional contributions of the employer.

**Investment Concentrations** - At June 30, 2009, the County Plan's net assets were invested in the following types of investments:

Guaranteed Deposit	24 %
Fixed Income – Domestic	15 %
Large Cap Stock	30 %
International Stock – Blend	12 %
Special Equity - Real Estate Fund	5 %
Mid Cap Stock	6 %
Small Cap Stock	8 %

#### Plan Provisions - The following are the plan provisions of the County Plan:

#### Normal Retirement Date:

For non-public safety participants; the first day of the month coinciding with or next following the later of a participant's  $62^{nd}$  birthday or the completion of 5 years of service; for participants in the Plan prior to July 1, 1977, there is an elective normal retirement date of age 60. For public safety participants; the first day of the month coinciding with or next following the earlier of a participant's  $60^{th}$  birthday or 25 hypothetical years of service.

#### Income Payable:

Amount described in (a) or (b) below, whichever applies:

- (a) If participant has a spouse as of his retirement date and does not elect otherwise, retirement income shall be paid on the basis of Joint and Survivor form, as stipulated by ERISA, and will be the amount determined under the benefit formula multiplied by the appropriate factor.
- (b) If participant either has no spouse as of his retirement date or elects to receive his income under the normal form, retirement income will be the amount determined under the benefit formula.

#### Form of Annuity:

Modified cash refund.

#### Cost of Living Increases:

Provides for an annual increase/decrease in the annuity benefit in proportion to the last annual increase in the Consumer Price Index. This increase/decrease shall not be in excess of 4% per year.

#### Earnings:

Basic compensation received from the employer excluding overtime payments, commissions, bonuses and any other additional compensation; subject to a \$200,000 limit.

#### Final Earnings:

Highest average rate of earnings on any three consecutive July 1's during the last ten years before retirement date, early retirement, or termination of employment.

#### Benefit Formula:

Employees are entitled to an annual retirement benefit payable monthly for life, calculated as follows:

For non-public safety participants;

Final average earnings X 1.5% X credited years of service 1-5
Final average earnings X 1.75% X credited years of service 5-10 plus
Final average earnings X 2.0% X credited years of service 10-15 plus
Final average earnings X 2.25% X credited years of service 15-20 plus
Final average earnings X 2.5% X credited years of service in excess of 20

To a maximum benefit of 65% of final average earnings.

For public safety participants;

Final average earnings X 2.0% X credited years of service To a maximum benefit of 75% of final average earnings.

#### Service:

All years of service with the County from date of employment to early retirement, termination of employment, or retirement date.

#### Credited Service:

All years of service with the County while making contributions to the Plan, from the date of employment to early retirement, termination of employment, or retirement date except the first year of service is excluded for participants hired prior to July 1, 1968 if contributions were not made for the first year.

#### Additional Credited Service:

For non-public participants; provides additional credited service due to earned but unused sick leave at the rate of 22 days of sick leave equals one month of additional credited service, provided the employee has a minimum of 5 years of service, with a maximum of 12 months additional credited service. Additional credited service for military service up to 5 years if earned during employment; if precedes employment, up to 3 years if non-military service is at least 10 years.

For public safety participants; 1% of final average earnings for the first 500 hours of unused sick leave plus .1% final average earnings for every 100 hours above 500 up to a maximum additional 4% final average earnings. Additional credited service for military service up to 3 years; if precedes employment, up to 3 years if non-military service is at least 10 years.

Participation Eligibility:

Making employee contributions to the plan.

Early Eligibility:

For non-public safety participants; ten years early with five years of service.

For public safety participants: twenty years of service.

Early Benefit Amount:

For non-public participants; normal retirement benefit accrued to early retirement, actuarially reduced for the number of months annuity commencement date precedes normal retirement date; if service is 20 years or greater, actuarial reduction is from age

For public safety participants; the normal retirement benefit accrued to early retirement, actuarially reduced based on the years of service prior to normal retirement date.

Vesting Schedule:

For non-public safety participants; 25% after 2 years, 50% after 3 years, 75% after 4 years, and 100% after 5 years; normal retirement date equals 100% vesting. For employees hired on or after July 1, 1997, 100% after 5 years.

For public safety participants; 100% vesting after 20 years of service.

Vested Benefit:

Benefit accrued to date of termination adjusted by the appropriate vesting percentage.

**Employee Contributions:** 

Amount

For non-public safety participants: 4% of earnings; no contributions after 31 years of credited service.

For public safety participants: 7% of earnings.

Interest Credited

5% per annum.

Death or Termination Refund

Pre-retirement: Refund of employee contributions with interest to date of termination or death.

Post-retirement: Excess of employee contributions with interest over annuity payments made, unless another form of benefit becomes payable to the beneficiary.

Disability:

Eligibility

For public safety participants; no eligibility requirement for line-of-duty; 5 years of service for non-line-of-duty.

Benefit Formula

Line-of-duty: Total disability = 66 2/3% final average earnings offset by other income; partial disability = 15% - 50% of final average earnings offset by other income.

Non-line-of-duty: 15% - 40% of final average earnings offset by other income.

Pre-Retirement Spouse's Benefit:

For non-public safety participants;

Eligibility (A):

Active and attained age 55 and completed five years of

service; married one full year prior to death.

Benefit Formula (A): 50% of the pension benefit accrued to date of death.

Eligibility (B):

After normal retirement date but before late retirement date

and no optional form of payment in effect.

Benefit Formula (B): Pension benefit accrued to date of death payable under the 100% contingent pensioner option.

For public safety participants;

Eligibility (A): Active participant; married one full year prior to death. If

no spouse available, benefit payable to dependent child.

Benefit Formula (A): On-duty death: 66 2/3% Final Average Earnings less Social

Security benefits.

Not-on-duty death: 100 % of the pension benefit accrued to

the date of death.

Eligibility (B): After normal retirement date but before late retirement date

and no optional form of payment in effect.

Benefit Formula (B): Pension benefit accrued to date of death payable under the

100% contingent pensioner option.

Eligibility (C):

Death while receiving disability benefits.

Benefit Formula (C):50% of disability benefit benefit payable to spouse or

dependent child under age 18.

Annual Pension Cost and Net Pension Obligation - The annual pension cost for the year ended June 30, 2009 was slightly less than the Annual Required Contribution made of \$6,169,831, as shown in the historical chart that follows. As a result, the net pension obligation at June 30, 2009 was decreased to a balance of \$563,700. The Annual Required Contribution for the current year was determined as part of the July 1, 2008 actuarial valuation. The actuarial assumptions and methods included:

Funding Method: Frozen Entry Age Normal Actuarial Cost Method with amortization of the unfunded

accrued liability using the level percent closed method over 15 years.

Asset Method: Five-year smoothed market effective July 1, 2000.

Investment Return: 8% compounded annually, net of investment and contract fees.

Post Retirement

COLA Increases: 3.25% compounded annually.

Inflation: 3.25%

Mortality: The RP-2000 Mortality Table for males and the RP-2000 Mortality Table for females.

Salary Increases: 5.5% compounded annually.

<u>Termination:</u> For non-public safety participants; the probabilities that participants (male and female)

at the indicated ages terminate within the upcoming year are based on the Crocker T-6

mortality table (with mortality removed); sample rates are as follows:

Age	%
20	7.94
25	7.72
30	7.40
35	6.86
40	6.11
45	5.16
50	3.62
55	1.37
60	0.13

For public safety participants, the probabilities that participants at the indicated ages terminate within the upcoming year are as follows:

For those with lass than 10 years of services, sample rates are:

Age	_%		
25	15.4		
35	13.7		
45	10.3		
55	02.7		

For those with 10 or more but less than 15 years of services, the rates are assumed to be 50% of those with less than 10 years of services. For those with 15 or more years of service, the rates are 37.5% of the rate for those with less than 10 years of service.

#### Retirement Age:

For non-public safety participants; the earlier of (a) age 62 with 5 years of service or (b) age 60 with 20 years of service. For participants in the Plan prior to July 1, 1977 the retirement date is assumed to be age 60.

For public safety participants, the retirement date is assumed to be the earlier of age 60 or 25 hypothetical years of service.

# Additional Credited Service:

For non-public safety participants; additional credited service at assumed retirement, due to unused sick leave is eight months.

For public safety participants; we assume 1,500 hours of unused sick leave at assumed retirement. Any military services that is provided to us is reflected in calculations.

#### Estimated Expenses:

Annual expenses expected to be paid from plan assets are assumed to be \$35,000.

#### Survivor Benefits:

It is assumed that husbands are 3 years older than wives.

For non-public safety participants; 90% of the male participants and 60% of the female participants who are or will become eligible for coverage under the survivor benefit will be survived by an eligible survivor.

For public safety participants; 100% of the participants who are or will become eligible for coverage under the survivor benefit will be survived by an eligible survivor; 5% of deaths would be in line-of-duty and the remainder would be non-services related.

#### Disability:

The 1952 Disability Study of the Society of Actuaries, Period 2, Benefit 5 rates were used. For public safety participants; 5% of disabilities would be in the line-of-duty and the remainder would be non-service related. It is assumed that 100% of line-of-duty disabilities are total disabilities.

#### Calculation of Net Pension Obligation (NPO)

ARC	\$	6,169,831	
Interest on NPO	46,894		
ARC Adjustment	(69,370)		
Annual Pension Cost		6,147,355	
Contribution made	(6,169,831)		
Change in NPO		(22,476)	
NPO Beginning of Year		586,176	
NPO End of Year (6/30/09)	\$ 563,700		

The Schedule of Employer Contributions and the Schedule of Funding Progress are as follows:

#### SCHEDULE OF EMPLOYER CONTRIBUTIONS COUNTY EMPLOYEES RETIREMENT PLAN

Fiscal Year Ending	Annual Required Contribution	Percentage of ARC Contributed	Net Pension Obligation
6/30/04	\$2,777,724	75.6%	\$680,786
6/30/05	\$2,955,490	100.1%	\$486,180
6/30/06	\$3,911,688	100.0%	\$265,085
6/30/07	\$5,104,225	100.0%	\$608,499
6/30/08	\$5,527,452	100.0%	\$586,176
6/30/09	\$6,169,831	100.0%	\$563,700

#### SCHEDULE OF FUNDING PROGRESS COUNTY EMPLOYEES RETIREMENT PLAN

	Actuarial Valuation Date	Actuarial Value of Assets * (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll	UAAL as a % of Covered Payroll ((b - a)/c)
•	6/30/04	\$49,323,829**	\$55,688,894	\$ 6,365,065	88.6%	\$27,278,917	23.3%
	6/30/05	\$54,479,225**	\$62,420,831	\$11,941,606	82.0%	\$31,571,806	37.8%
	6/30/06	\$62,164,097**	\$79,752,141	\$17,588,044	77.9%	\$37,819,645	46.5%
	6/30/07	\$73,598,316**	\$91,470,194	\$17,871,878	80.5%	\$41,645,118	42.9%
	6/30/08	\$84,890,274**	\$105,247,008	\$20,356,734	80.7%	\$44,697,536	45.5%
	6/30/09	\$90.444.095**	\$117,634,967***	\$27,190,872***	76.9%***		

#### NOTES:

- includes contributions received in July of that year if applicable to that plan year based on a 5-year smoothed market method effective July 1, 2000
- estimated

#### C. Length of Service Award Program (LOSAP) for Volunteer Firemen and Rescue Squad Members

In accordance with Article 9, Section 130 of the Charles County Code of Public Local Laws of Maryland, a retirement program has been established for qualified active volunteer members of the Charles County volunteer fire companies and volunteer rescue squads and is administered by the Charles County Commissioners. Beginning on January 1, 1974, any person who has reached the age of sixty and who has completed a minimum of twenty-five years of certified active volunteer service with any Charles County volunteer fire company or rescue squad shall receive benefits in the amount of \$100 per month for life. An additional payment of \$4 per month shall be added for each full year of volunteer service in excess of twenty-five years. Seventy-five percent of the volunteer's benefits shall accrue to his or her surviving spouse and shall terminate upon the death or remarriage of the spouse.

The pension contributions for this plan have historically not been actuarially determined. An actuary study was solicited and contracted mid fiscal-year and those results were presented in July 2009. The results on participant data as of December 2008 showed a funded ratio of 45.4% and an unfunded liability of \$9,184,317. However, for the fiscal year and future, the plan was funded from the revenue derived from one cent of the fire and rescue tax levied by the County in accordance with Section 123 of the Article noted above. Contributions made to the program for the year ended June 30, 2009 totaled \$710,500 from the 2008/09 tax levy. The County Commissioners were not obligated to fund the plan, only to administer it.

Program assets are held in trust during the year by a custodian. This service was also solicited during the fiscal year and a new financial institution was selected. As of June 30, 2009, M&T held the fair value of net assets for the plan benefits in the amount of \$8,077,070. Investment decisions are made by an investment firm appointed by the Board of Fire and Rescue Commissioners. Assets have been invested in various stocks, bonds and mutual funds. As of August 2009, all investment plan assets have been transferred from M&T to BB&T as the new custodian less the necessary funds to pay monthly benefits still maintained at M&T.

#### NOTE 7. OTHER EMPLOYMENT BENEFITS

#### A. Deferred Compensation Plan

The County offers its employees three deferred compensation plans, created in accordance with Internal Revenue Code Section 457. The plans are administered by Nationwide Retirement Solutions, Inc., Hartford Life Insurance Companies, and MetLife. The plans, available to all full-time and full-time-reduced-hours employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to these amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries. Therefore, in accordance with GASB No. 32, the deferred compensation investments are not reported in the County's financial statements. The following schedule reflects the basic information regarding the County's program:

	Nationwide	Hartford	MetLife	Total
Participants	213	262	66	541
Plan Assets	\$7,973,237	\$3,933,446	\$1,432,045	\$14,189,686
Annual Employee Contribution	\$808,813	\$852,317	\$222,601	\$1,883,730

#### B. Other Post-Employment Benefits (OPEB)

Charles County's post employment benefit plan is a single employer defined benefit plan. The following actuarial calculations are based on OPEB benefits provided under the terms of the County's substantive plan

in effect at the time of the valuation and on a pattern of sharing costs between the employer and plan members to that point, while also reflecting a long term financial perspective. Charles County provides medical, dental and vision benefits to eligible employees who retire from employment after meeting the minimum age and years of service requirements of the County Employees Retirement Plan or the Sheriff's Office Retirement Plan which are outlined previously in these notes.

The County pays a portion of the participant's health care premium in accordance with the following schedule:

Years of Service	% Paid by County
5 years	2% per year (10% max)
Years 6-10	3% per year (max 25%)
Years 11-15	4% per year (max 45%)
Years 16-20	4.34% per year (max 66.75%)
Years 21 +	66.7%

For the year ended June 30, 2009, there were 228 former employees and family members with medical coverage, 263 with dental, and 255 with vision. For the fiscal year ended June 30, 2009, the County incurred and recorded \$1,168,231 in health care expenditures for these participants on the pay-go basis.

#### Annual OPEB Cost and Net OPEB Obligation

The County's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), in an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the combined amount contributed both on the pay-go basis and our initial deposit to open the trust account, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 11,818,000
Interest on OPEB obligation	577,000
Adjustments to annual required contribution	(491,000)
Annual OPEB cost (expense)	\$ 11,904,000
Pay-go contributions made	\$( 1,619,099)
Increase in net OPEB obligation	\$ 10,284,901
Net OPEB obligation - beginning of year	13,743,245_
Net OPEB obligation - end of year	\$ 24,028,146

The Library's pro-rata share of the Net OPEB obligation at the end of the current fiscal year is \$313.834.

The County planned and budgeted to contribute to a trust in fiscal year 2009, but due to present budget constraints and the downturn in the economy, delayed it's opening contribution until June 26, 2009 with a transfer of funds for \$430,663. The schedule of funding progress as of the most recent actuarial valuation is as follows:

#### Schedule of Funding Progress - Other Post Employment Benefits

Actuarial Valuation Date	tuarial Value of Assets (a)	Actu	arial Accrued Liability (AAL) (b)	ı	Jnfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Cov	vered Payroll	UAAL as a % of Covered Payroll ((b - a)/c)
7/1/08	\$ 0.00	\$	159,294,000	\$	159,294,000	n/a	\$	73,134,517	217.80%
7/1/09	\$ 430,663.00	\$	124,041,000	\$	123,997,337	.0034%		n/a	n/a

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2009 was as follows:

		% of Annual	
Fiscal Year Ended	Annual OPEB cost	OPEB cost contributed	Net OPEB obligation
June 30, 2008	\$ 15,162,000	9.35%	\$ 13,743,245
June 30, 2009	\$ 11,904,000	13.60%	\$ 24,028,146

#### Actuarial Methods and Assumptions

These notes to the financial statements disclose that (1) actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and (2) actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. In the effective June 30, 2009 actuarial valuation, the projected unit credit method, with linear proration to assumed benefit commencement was used. The actuarial assumptions included a 4.2% investment rate of return over the long term and a 4% per year on future salary increases. The asset valuation method used was the fair value. The annual healthcare cost trend rate is 9% initially, reduced to an ultimate rate of 4.20% after year 2080. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2009, was 28 years.

#### NOTE 8. CLOSURE AND POST-CLOSURE CARE COSTS

#### A. Pisgah Landfill

State and federal laws and regulations required the County to place a final cover on its Pisgah landfill site when it stopped accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Pisgah landfill stopped accepting waste in September 1994. The majority of closure costs related to the landfill were incurred during Fiscal Year 1997. The landfill was closed in fiscal year 2000 with a final cost of \$6,841,885. Post-closure costs for fiscal year ended June 30, 2009 were \$64,493.

#### B. Charles County Landfill

State and federal laws and regulations require the County to place a final cover on the County landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet The landfill is located on a 70 acre site, estimated to provide nearly 5.3 million cubic yards of landfill space. As of June 30, 2009, approximately 29% of this space remains available for future waste disposal. The County is developing the landfill in sections so that when one section closes another is ready to open. At the close of the fiscal year, the landfill had Phase I, IIA, and IIIA open. The \$4,898,925 reported as landfill closure and post-closure care liability at June 30, 2009, represents the cumulative amount reported to date of the estimated capacity of the sections that have been opened. The County will recognize the remaining estimated cost of closure and post-closure care as the remaining phases and capacity is filled. The actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County has established a sinking fund reserve for landfill closure costs through the implementation of the user fee rates at the landfill. The County estimates the capacity of the landfill and the future date to begin closure with the assistance of computer models. Construction costs are estimated and a rate is adopted during the budget process to ensure funds are available when needed. Landfill closure costs recognized during the year amounted to \$181,835.

#### NOTE 9. SUBSEQUENT EVENTS

#### Charles County Nursing & Rehabilitation Center Property Transfer

On May 12, 2009, the Board of Commissioners for Charles County held a public hearing on a property transfer request made by the Nursing Home Board of Trustees, whereby the County would transfer it's capital asset for the property that the Nursing Home resides. In addition, the Nursing Home would subsequently repay the Notes Receivable balance outstanding upon execution of these documents. On June 16<sup>th</sup>, 2009, a follow-up work session was held for discussion. On July 7<sup>th</sup>, 2009, Resolution 2009-68 was unanimously adopted by the County Board of Commissioners in favor of this property transfer transaction. The settlement of this transaction occurred on October 9<sup>th</sup>, 2009, with the Nursing Home making final payment of \$1,126,605.92. The County has future debt service payments related to the past funding requirements of the Nursing Home and these funds will be held in the Debt Service fund accordingly.

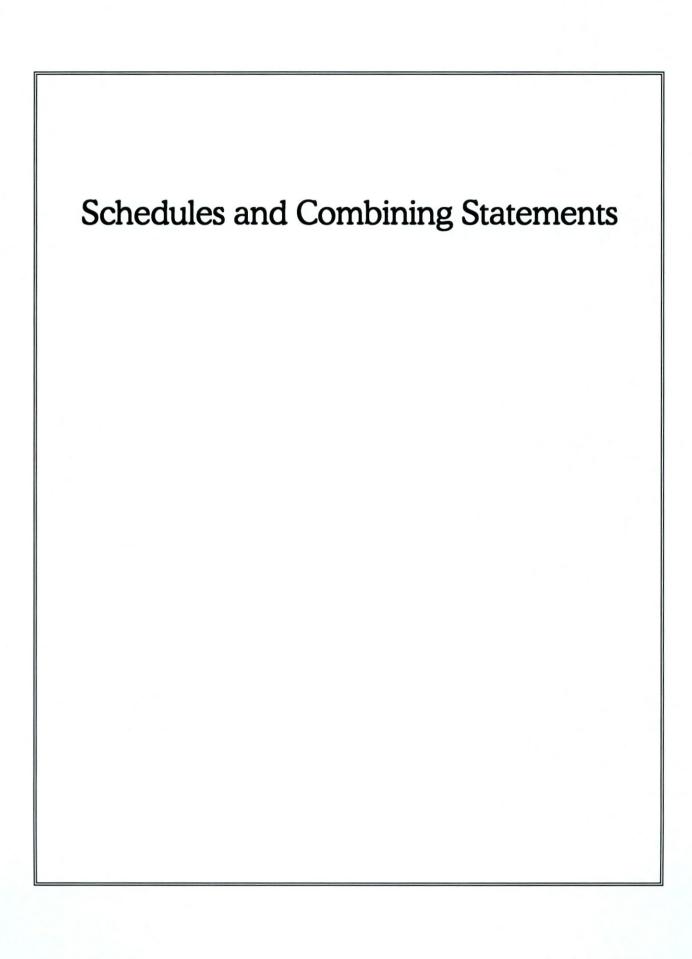
## American Communities Property Trust (ACPT)

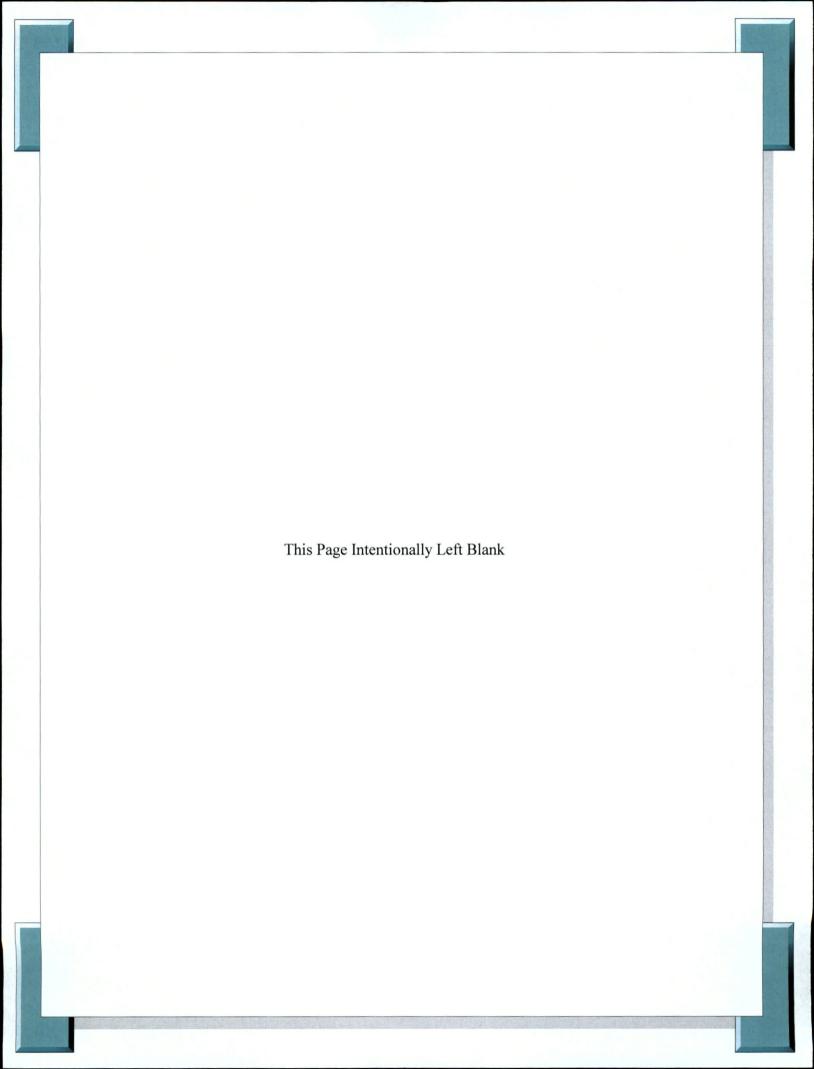
Recently reported and disclosed is the acquisition of American Communities Property Trust (ACPT) by Federal Capital Partners in Washington, DC for approximately \$43.6 million. ACPT is the Waldorf-based residential developer that the County has issued taxable bond amounts over the last 6 years. These funds have been used to cover ACPT's share of infrastructure improvements for various neighborhoods and roadways in and around Waldorf and the Southern MD Baseball Stadium complex. The closing of this sale is expected sometime in March of next year.

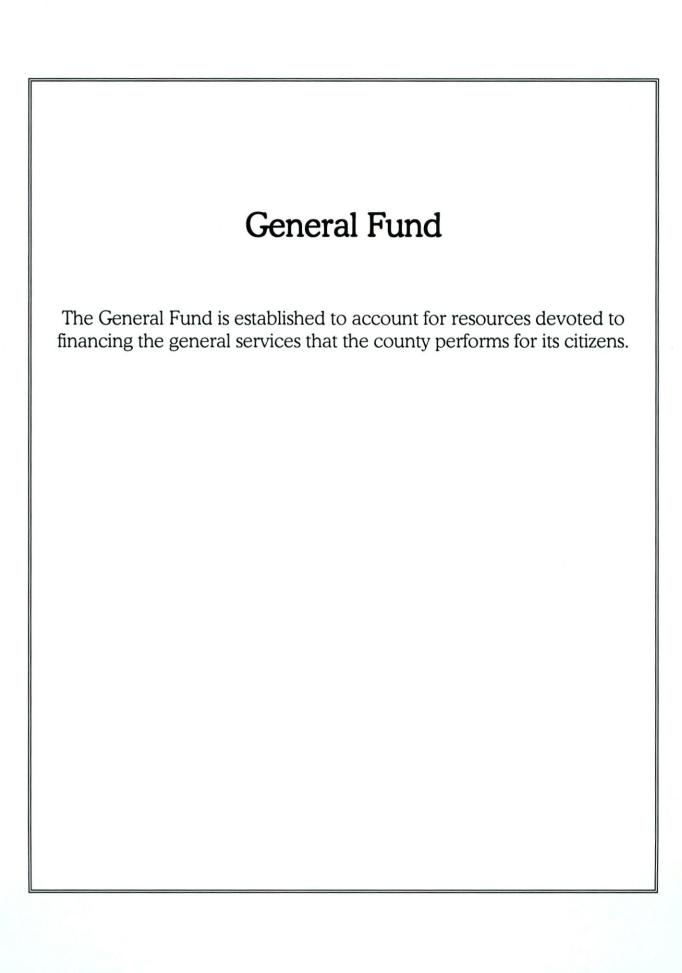
# Required Supplementary Information

# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL GENERAL FUND YEAR ENDED JUNE 30, 2009

		l amounts	Actual amounts	Variance with final budget
_	Original	Final	budgetary basis	positive (negative)
Revenues:				. ((2.22.5)
Taxes - local property	\$ 170,040,400	\$ 170,040,400	\$ 169,977,096	\$ (63,304)
Taxes - income	88,746,000	88,746,000	82,314,487	(6,431,513)
Taxes - other local	19,449,000	11,049,000	11,795,582	746,582
Taxes - state shared	9,400,000	9,400,000	8,077,769	(1,322,231)
Charges for services	10,046,700	9,657,230	8,884,332	(772,898)
Intergovernmental	2,499,700	3,087,120	3,328,143	241,023
Interest income	6,760,000	6,160,000	2,103,658	(4,056,342)
Other income	200,000	396,840	513,833	116,993
Total revenues	307,141,800	298,536,590	286,994,899	(11,541,690)
Expenditures:				
Education	156,762,100	152,066,600	149,549,835	2,516,765
Public safety	76,616,000	74,927,200	72,468,906	2,458,294
General government (including contingencies	es) 19,853,200	19,580,610	18,948,924	631,686
Public facilities	19,482,600	20,451,210	19,431,956	1,019,254
Financial administration	8,784,200	9,120,610	9,500,759	(380, 149)
Judicial	3,257,400	3,176,240	3,124,867	51,373
Planning and growth management	3,760,000	3,783,680	3,624,371	159,309
Community services	2,953,900	2,651,850	2,639,970	11,880
Health services	2,973,600	3,246,600	3,245,047	1,553
Economic development	1,670,500	1,690,840	1,446,160	244,680
Social services	1,261,100	1,044,700	1,046,858	(2,158)
Legislative	2,134,700	1,964,690	1,955,930	8,760
Law	967,700	974,540	880,247	94,293
Conservation of natural resources	649,000	630,500	602,244	28,256
Elections	910,600	877,600	706,010	171,590
Debt service				
Interest	6,364,500	6,364,500	6,358,991	5,509
Total expenditures	308,401,100	302,551,970	295,531,075	7,020,895
Excess (deficiency) of revenues over				
(under) expenditures	(1,259,300)	(4,015,380)	(8,536,176)	(4,520,796)
Other financing sources (uses):				
Proceeds from capital lease agreement	1,981,200	1,981,200	2,019,000	37,800
Premium on debt proceeds	0	0	1,504,644	1,504,644
Bond Proceeds from debt refunding	0	0	11,200,097	11,200,097
Defeased Bonds	0	0	(11,728,871)	(11,728,871)
Transfers in	599,800	1,699,580	1,815,192	115,612
Transfers out	(4,117,900)	(4,018,640)	(3,682,811)	335,829
Total other financing sources (uses)	(1,536,900)	(337,860)	1,127,251	1,465,111
Net change in fund balance	(2,796,200)	(4,353,240)	(7,408,925)	(3,055,685)
Fund balance - beginning of year				
	54,725,700	54,725,700	54,725,700	\$ (3,055,685)







## SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGETARY (NON-GAAP) BASIS FOR THE YEAR ENDED JUNE 30, 2009

	Final Amended Budgeted Amounts	 Actual Amounts	Am	ariance With ended Budget Favorable Jnfavorable)
Taxes - Local Property				
Real Property	\$ 170,179,100	\$ 169,824,393	\$	(354,707)
Business Personal Property	179,600	97,786		(81,814)
Railroad & Public Utilities	4,865,000	5,001,899		136,899
Ordinary Business Corporation	19,271,800	19,290,644		18,844
Penalties and Interest	424,000	664,166		240,166
Half-year Billing Fee	347,100	428,496		81,396
Homestead Tax Credit	(23,749,200)	(23,838,137)		(88,937)
Low Income Tax Credit	(288,100)	(291,913)		(3,813)
La Plata Tax Differential	(960,000)	(947,725)		12,275
Indian Head Tax Differential	(112,400)	(105, 127)		7,273
Agriculture Preservation Credit	(95,700)	(125,629)		(29,929)
Other Tax Credits	(20,800)	(21,757)		(957)
Total Taxes - Local Property	170,040,400	169,977,096		(63,304)
Taxes - Income	88,746,000	82,314,487		(6,431,513)
Taxes - Other Local				
Admission and Amusement	1,030,000	928,659		(101,341)
Recordation	9,000,000	9,947,801		947,801
Hotel / Motel	1,019,000	919,122		(99,878)
Total Taxes - Other Local	11,049,000	11,795,582		746,582
Taxes - State Shared				
Highway User	9,400,000	8,077,769		(1,322,231)
Total Taxes - State Shared	9,400,000	8,077,769		(1,322,231)
Charges for Services				
Licenses and Permits	170 000	170 005		(0.115)
Alcohol Licenses	178,000	170,885		(7,115)
Electrical Permits	45,000	36,026		(8,974)
Traders Licenses	238,700	235,164		(3,536)
Civil Marriage Licenses	34,700	30,505		(4,195)
Protective Inspection Licenses	83,000	111,121		28,121
Building Permits	128,600	87,975		(40,625)
Plumbing Permits	21,500	18,346		(3,154)
Occupancy Permits	38,100	37,305		(795)
Park Facilities Permits	92,900	96,113		3,213
Trailer Occupancy Permits	48,900	46,605		(2,295)
Other Licenses and Permits	39,100	47,374		8,274
subtotal	948,500	917,419		(31,081)

#### SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGETARY (NON-GAAP) BASIS (continued) FOR THE YEAR ENDED JUNE 30, 2009

_	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget Favorable (Unfavorable)
Charges for Services (continued)			
Fines and Forfeitures			
False Alarm Fines	175,000	203,338	28,338
Alcoholic Beverage Fines	30,000	22,925	(7,075)
State Shared Fines	66,400	(210,759)	(277,159)
County Parking Fines	10,500	9,205	(1,295)
Red Light Camera Fines	1,300,000	989,670	(310,330)
<b>Building Permit Fines</b>	53,100	86,659	33,559
Other Fines	13,100	9,996	(3,104)
subtotal	1,648,100	1,111,034	(537,066)
Service Charges			
Soil Conservation Plan Fee	23,300	14,442	(8,858)
Indirect Cost Revenue	688,100	691,755	3,655
Plat Review & Processing	84,600	46,089	(38,511)
Courtroom Security	47,700	47,934	234
Special Exception Fees	21,200	14,309	(6,891)
Bail Bond Fees	49,500	43,447	(6,053)
EMS Billing Fees	480,000	526,909	46,909
Sale of Maps and Publications	18,000	5,303	(12,697)
School Allocation Extension Fees	27,700	12,450	(15,250)
Forest Conservation Fees	65,600	46,296	(19,304)
Site Development Plan Application	24,000	17,676	(6,324)
Mosquito Control Fees	40,000	38,362	(1,638)
Deeds & Tax Verification Fees	72,000	62,810	(9,190)
Advertising Fees	46,000	47,338	1,338
Custodial Fees	234,600	243,602	9,002
Animal Shelter Boarding Fees	34,000	29,561	(4,439)
False Alarm Registration Fees	223,000	220,495	(2,505)
Sheriff Fees	258,100	293,653	35,553
Sheriff Pay Phone Commission	257,400	177,374	(80,026)
Detention Center Room and Board	205,000	135,291	(69,709)
Federal Inmate Operating	1,761,400	1,608,805	(152,595)
Local 911 Fees	1,144,000	1,022,928	(121,072)
Park Entrance Fees	34,800	38,649	3,849
Food and Drink Sales	79,800	60,012	(19,788)
Outdoor Sports Programs Fees	172,200	178,129	5,929
Other Fees	172,230	206,804	34,574
subtotal	6,264,230	5,830,423	(433,807)

## THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND CHARLES COUNTY, MARYLAND GENERAL FUND

#### SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGETARY (NON-GAAP) BASIS (continued) FOR THE YEAR ENDED JUNE 30, 2009

	Final Amended		Variance With Amended Budget
	Budgeted	Actual	Favorable
	Amounts	Amounts	(Unfavorable)
Charges for Services (continued)			
Rent			
Water Tower Rental	183,000	189,261	6,261
Office Space	192,500	210,632	18,132
Human Services	0	5,400	5,400
Nanjemoy Community Center	7,100	9,504	2,404
Civista Hospital	12,000	12,300	300
Post Office	6,000	6,000	0
Other Rent	4,400	3,628	(772)
subtotal	405,000	436,725	31,725
Non-Reccuring Revenue	7,000	9,421	2,421
Worker's Compensation	78,000	40,534	(37,466)
Miscellaneous	306,400	538,776	232,376
Total Charges for Services	9,657,230	8,884,332	(772,898)
Intergovernmental			
Federal Grants			4
Miscellaneous Grants	46,370	43,474	(2,896)
HIDTA Grant	12,140	6,114	(6,026)
subtotal	58,510	49,588	(8,922)
State Grants			
Aid for Police Protection	1,222,300	1,160,867	(61,433)
Aid for Inmate Operations	1,095,000	1,388,175	293,175
Jury Fee Reimbursement	75,000	65,865	(9,135)
Soil Conservation	50,100	47,100	(3,000)
Other State Grants	55,710	88,173	32,463
subtotal	2,498,110	2,750,180	252,070
Animal Shelter			
Calvert County	212,200	211,350	(850)
St.Mary's County	318,300	317,025	(1,275)
subtotal	530,500	528,375	(2,125)
Total Intergovernmental	3,087,120	3,328,143	241,023

## SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGETARY (NON-GAAP) BASIS (continued) FOR THE YEAR ENDED JUNE 30, 2009

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget Favorable (Unfavorable)
,			
Interest Income			
Treasuries	400,000	12,788	(387,212)
MLGIP	3,000,000	866,388	(2,133,612)
US Government Agencies	1,320,000	441,656	(878, 344)
CD's & Other Interest	1,440,000	782,826	(657,174)
Total Interest Income	6,160,000	2,103,658	(4,056,342)
Other Income			
Gain (Loss) on Fixed Assets	396,840	513,833	116,993
Total Other Income	396,840	513,833	116,993
Total Revenues	298,536,590	286,994,900	(11,541,690)
Other Financing Sources:			
Proceeds from capital lease agreement	1,981,200	2,019,000	37,800
Premium on debt proceeds	0	1,504,644	1,504,644
Bond Proceeds from debt refunding	0	11,200,097	11,200,097
Transfers In			
Enterprise Funds	599,800	599,800	0
Capital Projects Funds	1,099,780	1,215,392	115,612
Total Other Financing Sources	3,680,780	16,538,933	12,858,153
Total Revenues and Other			
Financing Sources	\$ 302,217,370	\$ 303,533,833	\$ 1,316,463

## SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES BUDGETARY (NON-GAAP) BASIS FOR THE YEAR ENDED JUNE 30, 2009

		Final Amended Budgeted Amounts		Actual Amounts	Ar	Variance With nended Budget Favorable Unfavorable)
Education						
Board of Education	\$	140,645,100	\$	138,145,100	\$	2,500,000
College of Southern Maryland	•	9,115,200	•	9,115,200		0
Library		2,254,500		2,251,235		3,265
Other		51,800		38,300		13,500
Total Education		152,066,600		149,549,835		2,516,765
Public Safety						
Sheriff's Office						
Sheriff's Office		47,047,520		45,391,857		1,655,663
Detention Center		15,225,660		14,807,981		417,679
Red Light Camera Program		1,145,300		775,948		369,352
subtotal	-	63,418,480		60,975,786	-	2,442,694
Emergency Services						
Administration		430,030		478,168		(48, 138)
Communications		2,840,730		2,756,920		83,810
Hazmat		169,260		159,910		9,350
Career EMS		6,535,880		6,538,888		(3,008)
Animal Control		674,580		684,249		(9,669)
Animal Shelter		858,240		874,985		(16,745)
subtotal		11,508,720		11,493,120		15,600
Total Public Safety		74,927,200		72,468,906	_	2,458,294
General Government						
Debt Service		15,379,750		15,439,367		(59,617)
Central Services		4,067,250		3,509,558		557,692
Contingencies		133,610		0	-	133,610
Total General Government		19,580,610		18,948,925		631,685
Public Facilities						
Administration		1,275,720		1,184,794		90,926
Buildings & Trades		7,498,540		7,226,552		271,988
Parks & Recreation		5,617,460		5,131,544		485,916
Vehicle Maintenance		782,330		767,523		14,807
Roads		5,277,160		5,121,543		155,617
Total Public Facilities		20,451,210		19,431,956	in the second	1,019,254

## SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES BUDGETARY (NON-GAAP) BASIS (continued) FOR THE YEAR ENDED JUNE 30, 2009

_	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget Favorable (Unfavorable)
Financial Administration			
Internal Audit	185,470	153,215	32,255
Fiscal & Adminstrative Services			
Administration	413,960	444,523	(30,563)
Budget	361,970	282,901	79,069
Accounting	988,940	1,036,417	(47,477)
Purchasing	514,310	499,481	14,829
Information Technology	3,131,230	3,090,120	41,110
subtotal	5,410,410	5,353,442	56,968
Treasurer's Office	1,178,870	1,187,943	(9,073)
Liquor Board	203,520	200,012	3,508
Human Resources	2,142,340	2,606,147	(463,807)
Total Financial Administration	9,120,610	9,500,759	(380,149)
Judicial			
State's Attorney's Office	1,975,440	1,951,246	24,194
Circuit Court	1,157,900	1,132,372	25,528
Orphan's Court	42,900	41,249	1,651
Total Judicial	3,176,240	3,124,867	51,373
Planning & Growth Management	402 / 50	20/ 501	<b>5</b> 050
Administration	403,650	396,591	7,059
Planning	2,337,230	2,308,705	28,525
Inspection $\mathcal{E}$ Enforcement Codes $\mathcal{E}$ Permits	517,360	369,880	147,480
	525,440	549,195	(23,755)
Total Planning & Growth Mgmt	3,783,680	3,624,371	159,309
Community Services			
Administration	451,140	603,242	(152,102)
Aging Services	1,728,690	1,600,456	128,234
Housing Authority	472,020	436,272	35,748
Total Community Services	2,651,850	2,639,970	11,880
<u>Health Services</u>	3,246,600	3,245,047	1,553
Economic Development			
Economic development	904,630	788,182	116,448
Tourism	461,610	333,378	128,232
Other Economic Agencies	324,600	324,600	0
Total Economic Development	1,690,840	1,446,160	244,680

## SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES BUDGETARY (NON-GAAP) BASIS (continued) FOR THE YEAR ENDED JUNE 30, 2009

	Final Amended Budgeted Amounts	Actual Amounts	Variance With Amended Budget Favorable (Unfavorable)
Social Services	1,044,700	1,046,858	(2,158)
<u>Legislative</u> County Commissioners County Administrator	409,290	397,645	11,645
Administration	572,950	570,002	2,948
Chief of Staff	503,550	482,623	20,927
Media Services	187,970	226,132	(38,162)
Safety	290,930	279,528	11,402
subtotal	1,555,400	1,558,285	(2,885)
Total Legislative	1,964,690	1,955,930	8,760
Total Degislative	1,704,070	1,733,730	0,700
Law - County Attorney	974,540	880,247	94,293
Conservation of Natural Resources			
Weed Control	15,400	15,363	37
Resource Conservation & Development	19,300	15,662	3,638
University of MD Extension	228,300	226,624	1,676
Soil Conservation	367,500	344,595	22,905
Total Conservation	630,500	602,244	28,256
Elections	877,600	706,010	171,590
Debt service			
Interest	6,364,500	6,358,991	5,509
Translation of the same	202 571 072	005 501 057	
Total expenditures	302,551,970	295,531,076	7,015,385
Other financing uses:			
Defeased Bonds Transfers out	0	11,728,871	(11,728,871)
Capital Projects	529,780	526,980	2,800
Special Revenue Funds	3,410,960	3,054,379	356,581
Enterprise Funds	77,900	101,452	(23,552)
subtotal	4,018,640	3,682,811	335,829
Total other financing uses	4,018,640	15,411,682	(11,393,042)
Total Expenditures and Other Financing Uses	\$ 306,570,610	\$ 310,942,758	\$ (4,377,657)
-			

## Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Drug, Alcohol and Sheriff's Funds - Established to assist in educating and helping those within our

community fight crime.

Fire Tax Fund - Established to fund volunteer fire and rescue stations

throughout the county.

**Community Development Funds** - Established to fund a wide variety of programs that benefit and

improve our community infrastructure.

**Housing Funds** - Established to fund programs that provide low income

housing assistance.

Child Support Funds - Established to fund programs that aid in collection of child

support.

Aging Funds - Established to fund programs that provide housing assistance,

health programs and other services for the elderly.

Agricultural Fund – Established to track and fund land preservation efforts.

Planning Fund - Established to fund plans for future growth and conservation of

the county's natural resources.

Animal Shelter Fund - Established to fund the Tri-County Animal Shelter.

Human Services Fund - Established to fund programs that provide assistance to mentally

disabled individuals.

## THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS JUNE 30, 2009

	Planr Gra	G	Judicial Grants	Transportation Grants	Public Safety Grants	Community Development Grants	Housing Assistance
ASSETS:							_
Cash and cash equivalents	\$	0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,610,149
Other receivables	45.7	18	212,379	606,835	259,287	27,003	41,092
Due (to) from other funds		0	0	896,832	0	130,808	57,501
Other assets		0	0	0	0	0	0
Restricted assets		0	0	0	0	0	0
Total assets	\$ 45,7	18	\$ 212,379	\$ 1,503,667	\$ 259,287	\$ 157,811	\$ 2,708,742
LIABILITIES AND FUND BALANCE: Liabilities:							
Accounts payable	\$ 13,7		\$ 6,528	\$ 737,526	\$ 17,247	\$ 1,003	\$ 56,061
Accrued expenditures		0	0	0	0	0	0
Deferred revenue	5,2		11,496	1,520	60,523	0	4,119
Due to other funds	11,7	50	194,355	0	181,517	0	0
Other liabilities		0	0	0	0	0	0
Total liabilities	30,7	18	212,379	739,046	259,287	1,003	60,180
Fund balance:							
Reserved fund balance Unreserved:	15,0	00	0	764,621	0	156,808	2,648,562
Designated fund balance		0	0	0	0	0	0
Undesignated fund balance		0	0	0	 0	0	0
Total fund balance	15,0	00	0	764,621	 0	156,808	2,648,562
Total liabilities and fund balance	\$ 45,7	18	\$ 212,379	\$ 1,503,667	\$ 259,287	\$ 157,811	\$ 2,708,742

## THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING BALANCE SHEET (continued) OTHER GOVERNMENTAL FUNDS JUNE 30, 2009

	Housing	Sheriff's			Animal	
	Special	Special		Community	Shelter/	Drug
	 Loans	Programs	Ι	Development	Control	Forfeitures
ASSETS:						
Cash and cash equivalents	\$ 0	\$ 0	\$	0	\$ 0	\$ 0
Other receivables	0	2,951		42,310	7,817	0
Due (to) from other funds	0	337,743		0	84,703	495,355
Other assets	0	0		O	0	0
Restricted assets	0	0		0	0	0
Total assets	\$ 0	\$ 340,694	\$	42,310	\$ 92,520	\$ 495,355
LIABILITIES AND FUND BALANCE:						
Liabilities:						
Accounts payable	\$ 0	\$ 4,007	\$	35,490	\$ 9,261	\$ 83
Accrued expenditures	0	0		0	0	0
Deferred revenue	0	0		0	6,325	0
Due to other funds	20,174	0		6,820	0	0
Other liabilities	0	0		0	3,885	0
Total liabilities	20,174	4,007		42,310	19,471	83
Fund balance:						
Reserved fund balance	0	336,687		0	73,049	495,272
Unreserved:						
Designated fund balance	0	0		O	0	0
Undesignated fund balance	 (20,174)	 0		0	0	0
Total fund balance	(20,174)	336,687		0	73,049	495,272
Total liabilities and fund balance	\$ 0	\$ 340,694	\$	42,310	\$ 92,520	\$ 495,355

## THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING BALANCE SHEET (continued) OTHER GOVERNMENTAL FUNDS JUNE 30, 2009

	Agricultural reservation	Fire and Rescue	Law Library	ourism Grants	Aging 40 fund
ASSETS:					
Cash and cash equivalents	\$ 0	\$ 0	\$ 100	\$ 0	\$ 0
Other receivables	0	0	8,025	0	4,678
Due (to) from other funds	1,048,969	2,410,214	49,418	0	81,033
Other assets	0	0	0	0	285
Restricted assets	0	0	0	0	0
Total assets	\$ 1,048,969	\$ 2,410,214	\$ 57,543	\$ 0	\$ 85,996
LIABILITIES AND FUND BALANCE: Liabilities:					
Accounts payable	\$ 0	\$ 1,469	\$ 7,073	\$ 0	\$ 58,572
Accrued expenditures	0	0	0	0	0
Deferred revenue	1,048,969	O	0	0	27,424
Due to other funds	0	0	0	0	0
Other liabilities	0	2,208,472	0	0	0
Total liabilities	1,048,969	2,209,941	7,073	0	85,996
Fund balance:					
Reserved fund balance Unreserved:	0	200,273	50,470	0	0
Designated fund balance	0	O	0	0	0
Undesignated fund balance	 0	0	0	0	0
Total fund balance	0	200,273	50,470	0	0
Total liabilities and fund balance	\$ 1,048,969	\$ 2,410,214	\$ 57,543	\$ 0	\$ 85,996

## THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING BALANCE SHEET (continued) OTHER GOVERNMENTAL FUNDS JUNE 30, 2009

		Aging		So MD	Human	Cable	Emergency	
		43 fund	Jus	tice Academy	Services	Franchise	Management	Total
ASSETS:						-		
Cash and cash equivalents	\$	0	\$	500	\$ 2,850	\$ 0	\$ O	\$ 2,613,599
Other receivables		32,475		240	489,946	439,422	352,480	2,572,657
Due (to) from other funds		0		43,727	101,093	478,414	0	6,215,810
Other assets		0		0	0	0	0	285
Restricted assets		0		0	0	0	0	0
Total assets	\$	32,475	\$	44,467	\$ 593,889	\$ 917,836	\$ 352,480	\$ 11,402,351
LIABILITIES AND FUND BALANCE:								
Liabilities:								
Accounts payable	\$	13,095	\$	10,361	\$ 97,501	\$ 86,978	\$ 70,282	\$ 1,226,255
Accrued expenditures		0		0	0	0	O	0
Deferred revenue		2,018		0	383,935	0	0	1,551,579
Due to other funds		17,362		0	0	0	282,198	714,176
Other liabilities		0		0	0	0	0	2,212,357
Total liabilities		32,475		10,361	 481,436	86,978	352,480	5,704,367
Fund balance:								
Reserved fund balance		0		34,106	112,453	830,858	0	5,718,158
Unreserved:								
Designated fund balance		0		0	0	0	0	0
Undesignated fund balance		0_		0	 0	0	0	(20,174)
Total fund balance	/	0_		34,106	 112,453	830,858	0	5,697,984
Total liabilities and fund balance	\$	32,475	\$	44,467	\$ 593,889	\$ 917,836	\$ 352,480	\$ 11,402,351

# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OTHER GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2009

	Planning	Judicial	Tr	ransportation	Public Safety	Community evelopment		Housing
	Grants	Grants		Grants	Grants	Grants		Assistance
REVENUES:								
Taxes - local property	\$ 0	\$ 0	\$	O	\$ 0	\$ 0	\$	0
Charge for services	0	0		807,352	0	0		798,058
Intergovernmental	101,218	801,383		2,549,561	907,316	225,240		7,354,699
Interest income	0	21		0	0	0		4,864
Other income	3,500	566	_	317,536	0	0		0
Total revenues	104,718	801,970		3,674,449	907,316	225,240		8,157,621
EXPENDITURES:								
Education	0	0		0	0	0		0
Public safety	0	0		0	1,300,848	0		0
Community services	0	0		5,796,118	0	225,240		9,267,729
Judicial	0	1,086,069		0	0	0		0
Planning & growth mgmt.	104,718	0		0	0	0		0
Health	0	0		0	0	0		0
Economic development	0	0		0	0	0		0
Social services	0	0		0	0	0		0
Legislative	0	0		0	0	0		0
Total expenditures	104,718	1,086,069		5,796,118	1,300,848	225,240		9,267,729
Excess (deficiency) of revenues								
over (under) expenditures	0	(284,099)		(2,121,670)	(393,532)	0		(1,110,108)
Other financing sources:								
Issuance of debt	0	0		0	0	0		0
Transfers in	15,000	284,099		2,136,354	393,532	0		0
Transfers out	0	0		0	0	0		0
	15,000	284,099		2,136,354	393,532	0		0
Net change in fund balance	15,000	0		14,684	0	0		(1,110,108)
Fund balance - beginning of year	0	0		749,936	0	156,808		3,758,670
- and calaries beginning of your		3		747,730	-	2,50,000	_	3,730,070
Fund balance - end of year	\$ 15,000	\$ 0	\$	764,620	\$ 0	\$ 156,808	\$	2,648,562

# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (continued) OTHER GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2009

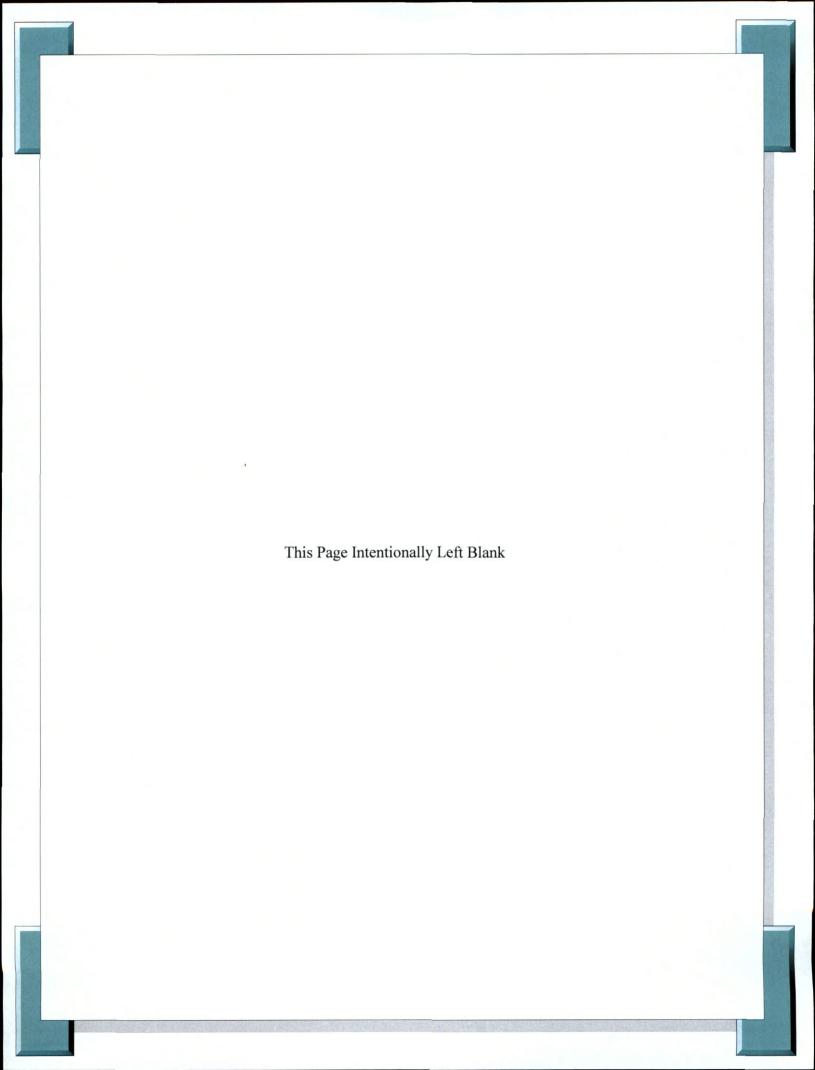
	Spe	ising ecial ans	Sheriff's Special Programs		Community evelopment	Animal Shelter/ Control		Drug Forfeitures		Agricultural Preservation
REVENUES:			51	•	12	12	•		•	
Taxes - local property	\$	0	\$ 0	\$	0	\$ 0	\$	0	\$	275,374
Charge for services	121	0	301,424		0	86,854		55,196		0
Intergovernmental	80	,403	0		71,420	0		0		0
Interest income		0	0		0	0		1,532		0
Other income		0	0		0	19,969		0		0
Total revenues	80	,403	301,424		71,420	106,823		56,728		275,374
EXPENDITURES:										
Education		0	0		0	0		0		0
Public safety		0	334,353		0	114,940		120,427		0
Community services	190	,450	0		71,420	0		0		0
Judicial		0	0		0	0		0		0
Planning & growth mgmt.		0	0		0	0		0		358,478
Health		0	0		0	0		0		0
Economic development		0	0		0	0		0		0
Social services		0	0		0	0		0		0
Legislative		0	0		0	0		16,766		0
Total expenditures	190	,450	334,353		71,420	114,940		137,193		358,478
Excess (deficiency) of revenues										
over (under) expenditures	(110	,047)	(32,929)		0	(8,116)		(80,465)		(83,104)
Other financing sources:										
Issuance of debt		0	0		0	0		0		0
Transfers in		0	0		0	0		0		83,104
Transfers out		0	0		0	0		(14,632)		0
		0	0		0	0		(14,632)		83,104
Net change in fund balance	(110	,047)	(32,929)		0	(8,116)		(95,097)		0
Fund balance - beginning of year		,873	369,616		0	81,165		590,369		0
Fund balance - end of year	\$ (20	,174)	\$ 336,687	\$	0	\$ 73,049	\$	495,272	\$	0

# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (continued) OTHER GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2009

	Fire and	Law	Tourism	Aging	Aging
	Rescue	Library	Grants	40 fund	43 fund
REVENUES:					
Taxes - local property	\$ 11,143,720	\$ 0	\$ o	\$ 0	\$ 0
Charge for services	0	79,083	0	0	0
Intergovernmental	244,014	20,000	26,233	308,036	435,620
Interest income	91,661	0	0	0	0
Other income	0	1,038	0	57,974	0
Total revenues	11,479,395	100,121	26,233	366,010	435,620
EXPENDITURES:					
Education	0	0	0	0	0
Public safety	11,898,256	0	0	0	0
Community services	0	0	0	0	0
Judicial	0	212,164	0	0	0
Planning & growth mgmt.	0	0	0	0	0
Health	0	0	0	0	0
Economic development	0	0	26,233	0	0
Social services	0	0	0	366,010	435,620
Legislative	0	0	0	0	0
Total expenditures	11,898,256	212,164	26,233	366,010	435,620
Excess (deficiency) of revenues					
over (under) expenditures	(418,861)	(112,043)	0	0	0
Other financing sources:					
Issuance of debt	0	0	0	0	0
Transfers in	0	3,000	0	0	0
Transfers out	0	0	0	0	0
	0	3,000	0	0	0
Net change in fund balance	(418,861)	(109,043)	0	0	0
Fund balance - beginning of year	619,134	159,514	0	0	0
Fund balance - end of year	\$ 200,273	\$ 50,471	\$ o	\$ o	\$ o

# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (continued) OTHER GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2009

		So MD		Human	Cable	1	Emergency	
	Just	ice Academy		Services	Franchise	N	<b>I</b> anagement	Total
REVENUES:								
Taxes - local property	\$	0	\$	0	\$ 0	\$	0	\$ 11,419,094
Charge for services		17,145		0	1,732,026		0	3,877,138
Intergovernmental		80,000		3,687,974	o		498,725	17,391,842
Interest income		0		3,774	O		0	101,852
Other income		77		11,724	0		0	412,384
Total revenues		97,222		3,703,472	1,732,026		498,725	33,202,310
EXPENDITURES:								
Education		0		0	1,688,614		0	1,688,614
Public safety		109,701		0	0		612,647	14,491,172
Community services		0		0	0		0	15,550,957
Judicial		0		0	0		0	1,298,233
Planning & growth mgmt.		σ		0	0		0	463,196
Health		0		3,728,480	0		0	3,728,480
Economic development		0		0	0		0	26,233
Social services		0		0	0		0	801,630
Legislative		0		0	0		0	16,766
Total expenditures		109,701		3,728,480	1,688,614		612,647	38,065,281
Excess (deficiency) of revenues								
over (under) expenditures		(12,479)		(25,008)	43,412		(113,922)	(4,862,971)
Other financing sources:								
Issuance of debt		0		0	0		0	o
Transfers in		40,000		0	0		113,922	3,069,011
Transfers out		0		0	0		0	(14,632)
		40,000		0	0		113,922	3,054,379
Net change in fund balance		27,521		(25,008)	43,412		0	(1,808,592)
Fund balance - beginning of year		6,585	_	137,460	787,446		0	7,506,576
Fund balance - end of year	\$	34,106	\$	112,452	\$ 830,858	\$	0	\$ 5,697,984



## **Enterprise Funds**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Recreation Programs** - This fund is used to manage the operations of recreation

program the county.

Park Operations - This fund is used to manage the operations of parks for county.

**Environmental Service Program** - This fund is used to manage the operations of environmental

recycling services for the county.

Solid Waste Management - This fund is used to manage the operations of Charles County

Landfill.

Inspections and Review - This fund is used to manage the operations of inspections and

review for the county.

**Vending Machines** - This fund is used to manage the operations of vending machines

for the county.

# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING STATEMENT OF NET ASSETS OTHER PROPRIETARY FUNDS JUNE 30, 2009

	_	Inspections and Review				Recreation Programs		Solid Waste Management
ASSETS:								
Current assets:								
Cash and cash equivalents	\$	0	\$	130,129	\$	982,726	\$	2,000
Other receivables	φ	74,488	φ	4,968	φ	10,192	φ	409,270
Due (to) from other funds		2,264,833		4,900		0		12,377,984
Inventory		2,204,033		55,185		1,563		12,377,904
Other current assets		0				106,038		0
				190,282				12,789,254
Total current assets	_	2,339,321		190,282		1,100,519		12,769,254
Noncurrent assets:								
Net capital assets		206,401		314,299		8,963,109		11,870,506
Restricted assets		0		0		0		121,851
Total noncurrent assets		206,401		314,299		8,963,109		11,992,357
Total assets		2,545,722		504,581		10,063,628		24,781,611
LIABILITIES:								
Current liabilities:								
Accounts payable		61,526		14,536		112,733		66,546
Accrued expenses		8,982		18,021		150,296		21,835
Due to other funds		0,902		213,448		3,442,367		21,033
Net bond issue premiums		0						(4,813)
Unearned revenue		1.50		(1,905) 0		124,915		(4,613)
Current portion of long-term	dobt	31,397				287,469 484,788		22,840
Total current liabilities	<u>lebt</u>	59,026 160,931		45,791 289,891		4,602,568		106,408
rotal current habilities	_	100,931		209,091		4,002,300		100,400
Noncurrent liabilities:								
Other liabilities		O		0		0		121,851
Bonds payable		0		123,320		6,704,346		0
Long-term debt		78,544		52,950		13,046		5,067,305
Net pension obligation		9,927		3,799		1,860		15,076
Net OPEB obligation		249,114		76,266		54,474		391,896
Capital lease obligation		163,196		34,210		0		0
Total noncurrent liabilities		500,781		290,545		6,773,726		5,596,128
Total liabilities	_	661,712		580,436		11,376,294		5,702,536
NET ASSETS:								
Invested in capital assets,								
net of related debt		(953)		117,790		1,774,903		11,870,506
Unrestricted	_	1,884,963		(193,645)		(3,087,569)		7,208,569
Total net assets	\$	1,884,010	\$	(75,855)	\$	(1,312,666)	\$	19,079,075

# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING STATEMENT OF NET ASSETS OTHER PROPRIETARY FUNDS (continued) JUNE 30, 2009

		Environmental	Vending	
		Services	Machines	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$	0	\$ 79,942	\$ 1,194,797
Other receivables		12,879	0	511,797
Due (to) from other funds		1,671,239	0	16,314,056
Inventory		0	0	56,748
Other current assets		0	0	 106,038
Total current assets		1,684,118	79,942	 18,183,436
Noncurrent assets:				
Net capital assets		3,174,203	0	24,528,518
Restricted assets		0	0	121,851
Total noncurrent assets		3,174,203	0	24,650,369
Total assets		4,858,321	79,942	42,833,805
LIABILITIES:				
Current liabilities:		20= 112		0
Accounts payable		287,449	47	542,837
Accrued expenses		53,395	0	252,529
Due to other funds		0	12,203	3,668,018
Net bond issue premiums		41,071	0	159,268
Unearned revenue	١.	0	0	318,866
Current portion of long-term d	ebt		0	 810,702
Total current liabilities		580,172	12,250	 5,752,220
Noncurrent liabilities:				
Other liabilities		0	0	121,851
Bonds payable		1,910,360	0	8,738,026
Long-term debt		96,665	0	5,308,510
Net pension obligation		6,280	0	36,942
Net OPEB obligation		147,082	0	918,832
Capital lease obligation		142,901	0	340,307
Total noncurrent liabilities		2,303,288	0	15,464,468
Total liabilities		2,883,460	12,250	21,216,688
NET ASSETS:				
Invested in capital assets,				
net of related debt		931,438	0	14,693,684
Unrestricted		1,043,423	67,692	6,923,433
,		-,,,,,,,,,	-/1-/-	-,,-3,-33
Total net assets	\$	1,974,861	\$ 67,692	\$ 21,617,117

# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS OTHER PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2009

		Inspections and Review	(	County Parks Operations	Recreation Programs	Solid Waste Management
Operating revenues:						
Charge for services	\$	2,344,701	\$	832,015	\$ 2,695,111	\$ 3,771,529
Other income		1,039		1,844	79,577	937
Total operating revenue		2,345,740		833,859	2,774,688	3,772,466
Operating expenses:						
Personnel services		1,259,930		646,496	1,258,138	2,119,363
Utilities		0		48,958	366,547	49,313
Repairs and maintenance		2,869		42,203	106,496	183,147
Insurance costs		4,900		4,070	17,774	11,217
Indirect costs		20,200		0	0	178,600
Supplies		14,319		138,078	280,878	176,486
Contract services		1,703,029		2,834	421,927	77,147
Other operating costs		15,741		21,464	92,165	37,548
Depreciation		34,393		67,736	334,545	724,511
Total operating expenses		3,055,381		971,839	2,878,470	3,557,332
Operating income (loss)		(709,641)		(137,980)	(103,782)	215,134
Nonoperating revenues (expenses)						
Interest income		0		634	861	104,748
Intergovernmental		0		O	24,259	0
Interest expense		(6,973)		(8,293)	(306,933)	0
Gain on disposal of capital assets		0		O	0	0
Total nonoperating						
revenue (expenses)		(6,973)		(7,659)	(281,813)	104,748
Income (loss) before transfers		(716,614)		(145,639)	(385,595)	319,882
Transfers in		0		76,205	0	0
Transfers out		0		0	0	(599,800)
Change in net assets		(716,614)		(69,434)	(385,595)	(279,918)
Net assets - beginning of year		2,600,624		(6,421)	(927,071)	19,358,993
Net assets - end of year	\$_	1,884,010	\$	(75,855)	\$ (1,312,666)	\$ 19,079,075

# THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (continued) OTHER PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2009

		nvironmental Services	Vending Machines			Total
Operating revenues:						
Charge for services	\$	3,266,450	\$	111,340	\$	13,021,146
Other income	Ψ.	6,149	Ψ.	0	Ψ.	89,546
Total operating revenue		3,272,599		111,340		13,110,692
Operating expenses:						
Personnel services		1,014,214		0		6,298,141
Utilities		22,446		0		487,264
Repairs and maintenance		98,307		0		433,022
Insurance costs		19,456		0		57,417
Indirect costs		0		0		198,800
Supplies		195,116		0		804,877
Contract services		1,421,993		0		3,626,930
Other operating costs		185,316		92,185		444,419
Depreciation		312,077		0		1,473,262
Total operating expenses		3,268,925		92,185		13,824,132
Operating income (loss)		3,674		19,155		(713,440)
Nonoperating revenues (expenses)						
Interest income		11,154		0		117,397
Intergovernmental		0		0		24,259
Interest expense		(73,414)		0		(395,613)
Gain on disposal of capital assets		8,725		0		8,725
Total nonoperating		0,723				0,723
revenue (expenses)		(53,535)		0		(245,232)
Income (loss) before transfers		(49,861)		19,155		(958,672)
Transfers in		0		0		76,205
Transfers out		0		0		(599,800)
						(5.7,1-13)
Change in net assets		(49,861)		19,155		(1,482,267)
Net assets - beginning of year		2,024,722		48,537		23,099,384
		.,		, ,,,,,,,		
Net assets - end of year	\$	1,974,861	\$	67,692	\$	21,617,117

## THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING STATEMENT OF CASH FLOWS OTHER PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2009

	Inspectand Re		ounty Parks Operations	Recreation Programs	Solid Waste Management
Cash flows from operating activities:  Cash received from customers  Cash paid to suppliers  Cash paid to employees	\$ 2,373 (1,875 (1,257	,606 ,579)	\$ 834,214 (237,828) (647,221)	\$ 2,762,710 (1,362,392) (1,223,094)	\$ 3,715,729 (1,059,225) (2,119,362)
Net cash provided by (used in) operating activities	(759	,815)	(50,835)	177,224	537,142
Cash flows from investing activities: Interest received		0	634	861	104,748
Net cash provided by investing activities		0	 634	 861	 104,748
Cash flows from noncapital financing activities:					
Intergovernmental		0	0	24,259	0
Transfers in (out)		0	76,205	0	(599,800)
Receipts from interfund loans	802	,925	0	0	(41,024)
Repayment of interfund loans		0	59,299	1,483,250	0
Net cash provided by (used in) noncapital financing					
activities	802	,925_	135,504	1,507,509	(640,824)
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds		0	0	0	0
Proceeds from new loans		0	0	0	0
Principal payments on bonds payable		0	(21,301)	(466,779)	0
Principal payments on capital lease obligations		0	(20,667)	0	0
Principal payments on loans	(29	,802)	0	0	0
Interest paid	(6	,973)	(8,293)	(306,933)	0
Proceeds from disposal of assets		0	0	0	0
Cash (paid) received for capital expenses	(6	,335)	21,117	 (58,238)	 134
Net cash used in capital and related financing activities	es (43	,110)	(29,144)	(831,950)	 134
Net increase (decrease) in cash and cash equivalents		0	56,159	853,644	1,200
Cash and cash equivalents - beginning of year		0	73,970	129,082	800
Cash and cash equivalents - end of year	\$	0	\$ 130,129	\$ 982,726	\$ 2,000

## THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING STATEMENT OF CASH FLOWS - (continued) OTHER PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2009

	Inspections County Parks and Review Operations		1	Recreation Programs		olid Waste anagement	
Reconciliation of operating income (loss) to net cash provided	7						
by operating activities:							
Operating income (loss)	\$ (709,641)	\$	(137,980)	\$	(103,782)	\$	215,134
Adjustments to reconcile operating income (loss) to net cash							
provided by operating activities:							
Depreciation	34,393		67,736		334,545		724,511
Increase (decrease) in compensation-related liabilities							
included in long-term debt	0		0		0		0
(Increase) decrease in other receivables	29,236		355		2,194		(56,738)
(Increase) decrease in inventories	0		(5,010)		(1,563)		0
(Increase) decrease in other current assets	0		0		(80,003)		628
(Increase) decrease in restricted assets	0		0		O		(4,480)
Increase (decrease) in accounts payable	(240,965)		(7,758)		(9,724)		(507,589)
Increase (decrease) in accrued expenses	2,089		(726)		35,042		123
Increase (decrease) in other liabilities	0		0		0		3,731
Increase (decrease) in Net Pension Obligation	(401)		(144)		(4,929)		1,304
Increase (decrease) in Net OPEB Obligation	126,845		32,692		19,615		160,518
Increase (decrease) in deferred revenue	(1,370)		0		(14,172)		0
Net cash provided by operating activities	\$ (759,814)	\$	(50,835)	\$	177,223	\$	537,143

## SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

	Inspections and Review	County Parks Operations	Recreation Programs	Solid Waste Management
Borrowing under capital lease	203,100	33,000	0	0

## THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING STATEMENT OF CASH FLOWS - (continued) OTHER PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2009

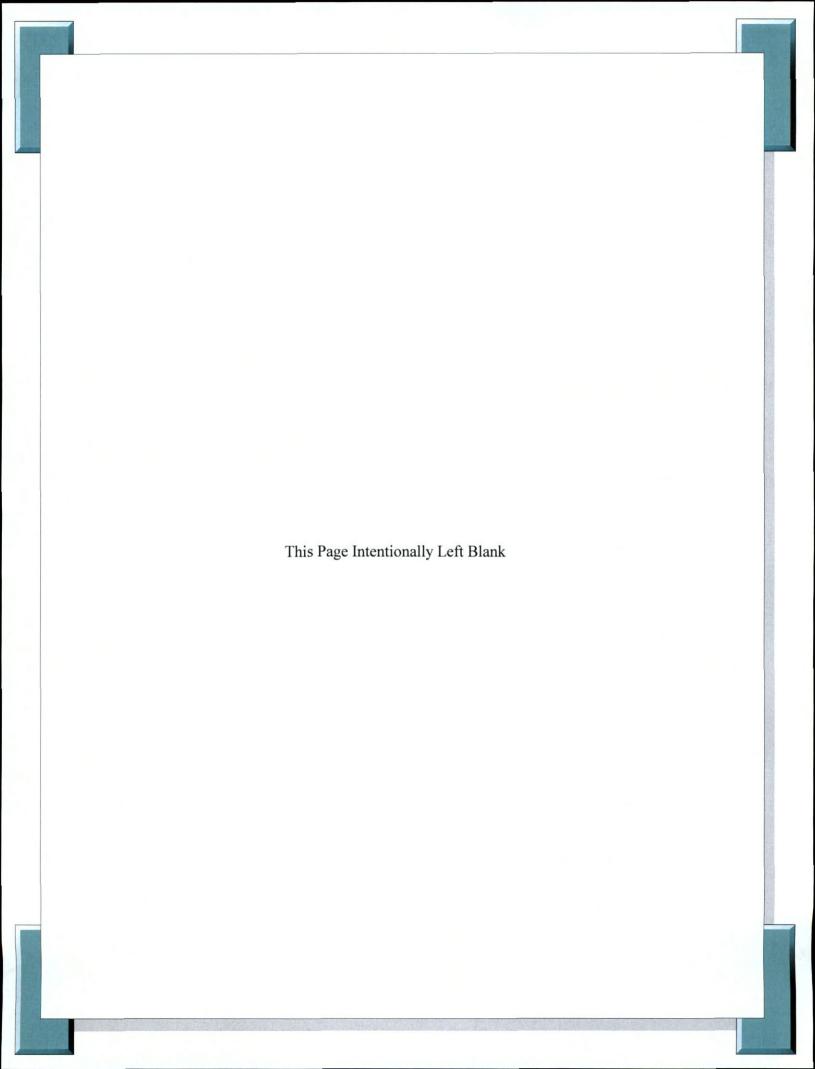
	E	nvironmental Services	Vending Machines		Total
Cash flows from operating activities:					
Cash received from customers	\$	3,282,750	\$ 111,340	\$	13,080,349
Cash paid to suppliers		(1,682,195)	(92, 138)		(6,309,357)
Cash paid to employees		(1,010,047)	0		(6,257,566)
Net cash provided by (used in) operating activities		590,508	19,202		513,426
Cash flows from investing activities:					
Interest received		11,154	0		117,397
Net cash provided by investing activities		11,154	0		117,397
Cash flows from noncapital financing activities:					
Intergovernmental		0	O		24,259
Transfers in (out)		O	O		(523,595)
Receipts from interfund loans		(579,080)	O		182,821
Repayment of interfund loans		0	11,291		1,553,840
Net cash provided by (used in) noncapital financing					
activities		(579,080)	 11,291	_	1,237,325
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds		550,000	0		550,000
Proceeds from new loans		0	O		0
Principal payments on bonds payable		(199,441)	O		(687,521)
Principal payments on capital lease obligations		(62,861)	0		(83,528)
Principal payments on loans		0	0		(29,802)
Interest paid		(73,414)	O		(395,613)
Proceeds from disposal of assets		8,725	0		8,725
Cash paid for capital expenses		(245,591)	 0	_	(288,913)
Net cash used in capital and related financing activities	es	(22,582)	 0		(926,652)
Net increase in cash and cash equivalents		0	30,493		941,496
Cash and cash equivalents - beginning of year		0	49,449		253,301
Cash and cash equivalents - end of year	\$	0	\$ 79,942	\$	1,194,797

## THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND COMBINING STATEMENT OF CASH FLOWS - (continued) OTHER PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2009

	Environmental Services		Vending Machines			Total
Reconciliation of operating income (loss) to net cash provided						
by (used in) operating activities:						
Operating income (loss)	\$	3,674	\$	19,155	\$	(713,440)
Adjustments to reconcile operating income (loss) to net cash	ı					
provided by (used in) operating activities:						
Depreciation		312,077		0		1,473,262
Increase (decrease) in compensation-related liabilities						
included in long-term debt		0		0		0
(Increase) decrease in other receivables		10,151		0		(14,802)
Increase in inventories		O		O		(6,573)
Increase in other current assets		0		O		(79,375)
Increase in restricted assets		O		O		(4,480)
Increase (decrease) in accounts payable		204,831		48		(561,157)
Increase in accrued expenses		4,168		O		40,696
Increase in other liabilities		O		0		3,731
Increase (decrease) in Net Pension Obligation		32		0		(4,138)
Increase (decrease) in Net OPEB Obligation		55,577		0		395,247
Decrease in deferred revenue		0		0	924	(15,542)
Net cash provided by (used in) operating activities	\$	590,510	\$	19,203	\$	513,429

## SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

	Environmental Services	Vending Machines	Total
Borrowing under capital lease	153,000	0	389,100



## Statistical Section

This part of the Charles County's comprehensive annual financial report contains selected financial and socio-demographic information, generally presented on a multi-year basis to best illustrate other factors when looking at the County.

#### Financial Trends

Tables 1 through 4 contain trend information that may assist the reader in assessing the County's current financial performance by placing it in historical perspective.

### Revenue Capacity

Tables 5 through 8 contain information that may assist the reader in assessing the viability of the County's most significant local revenue source, property taxes.

### Debt Capacity

Tables 9 through 12 present information that may assist the reader in analyzing the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

#### Demographic & Economic

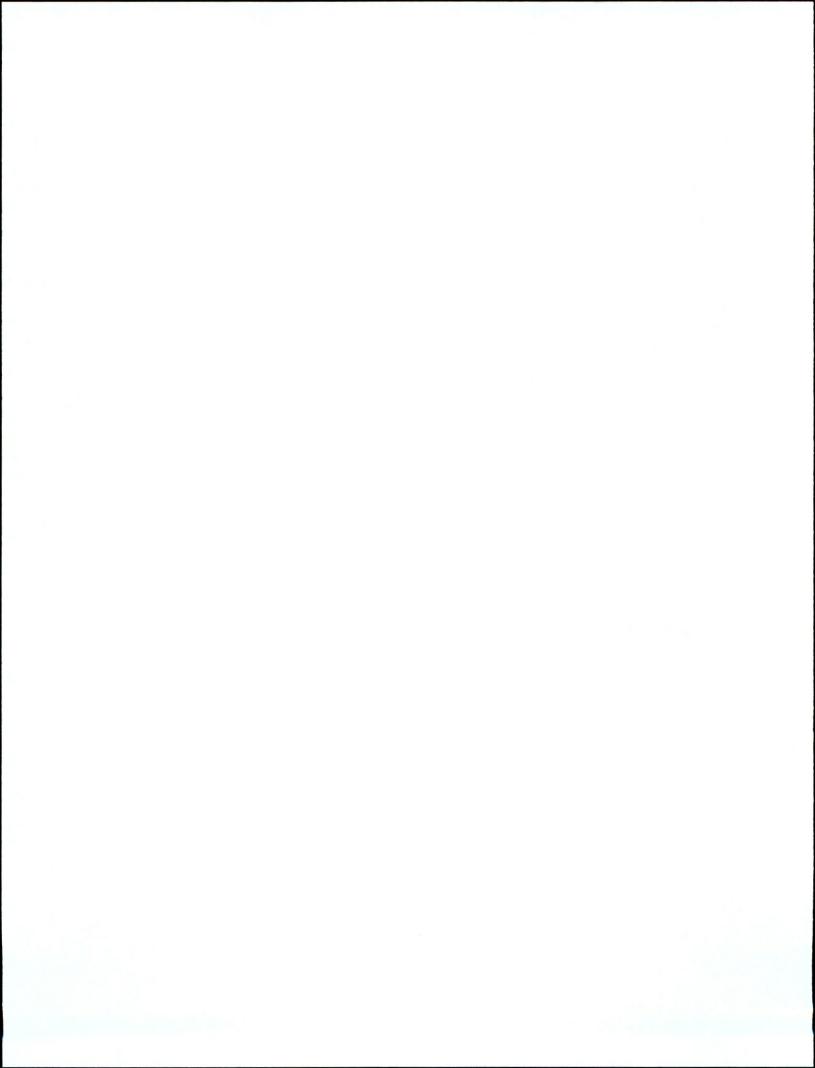
Tables 13 and 14 offer demographic and economic indicators that may assist the reader in understanding the environment within which the County's financial activities take place.

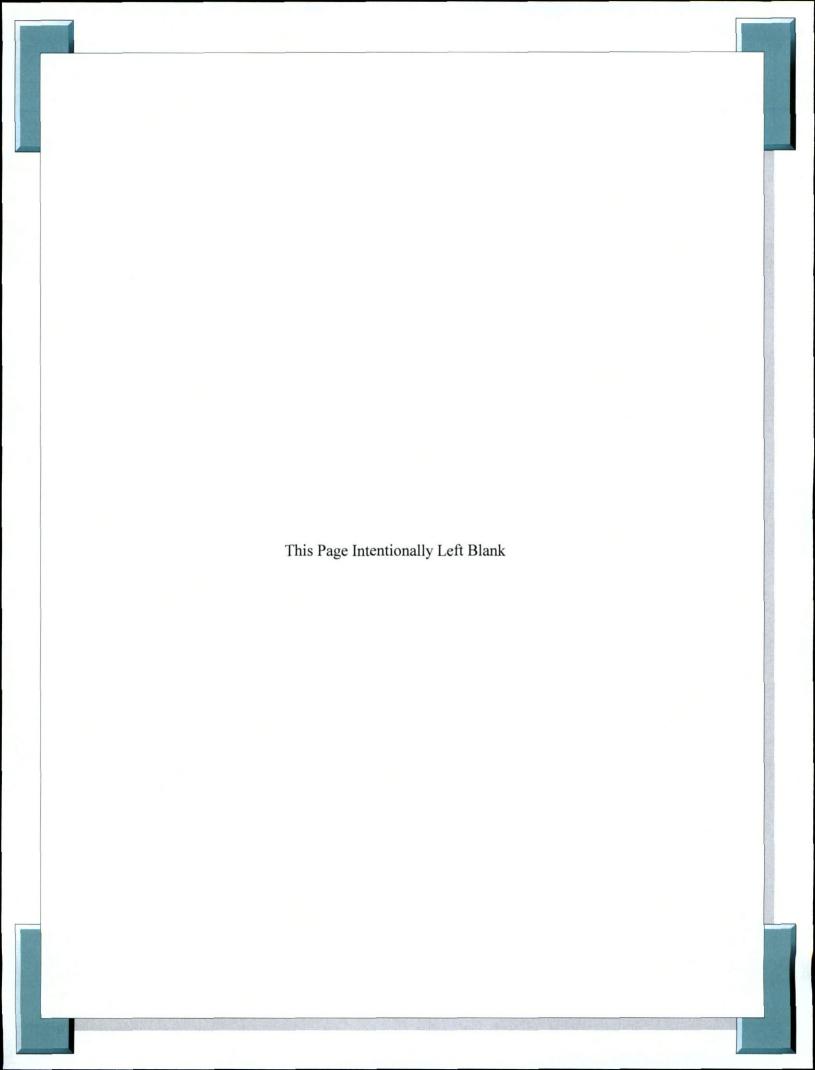
#### Operating Information

Tables 15 through 17 contain service and infrastructure indicators that may assist the reader in understanding how the information in the County's financial statements relates to the services and the activities it performs.

#### Source:

Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year. The County implemented GASB Statement No. 34 in fiscal year 2002 therefore tables presenting government-wide information includes only eight years.





## Net Assets by Component

Charles County, Maryland Table 1 Last Eight Fiscal Years (accrual basis of accounting)

			Fiscal Year	
	2002	2003	2004	2005
Commence of the state of the				
Governmental activities	4		· · · · · · · · · · · · · · · · · · ·	
Invested in capital assets, net of related debt	\$ 62,625,921	\$ 74,277,350	\$ 55,847,314	\$ 118,756,725
Restricted	8,338,052	10,226,161	20,980,085	24,955,154
Unrestricted	(11,301,604)	(19,285,148)	19,315,919	6,560,741
Total governmental activities net assets	\$ 59,662,369	\$ 65,218,363	\$ 96,143,318	\$ 150,272,620
Business-type activities				
Invested in capital assets, net of related debt	\$ 77,967,582	\$ 77,672,439	\$ 71,438,633	\$ 84,847,623
Restricted	0	0	0	0
Unrestricted	19,857,078	22,586,135	32,799,043	29,666,479
Total business-type activities net assets	\$ 97,824,660	\$ 100,258,574	\$ 104,237,676	\$ 114,514,102
Primary government				
Invested in capital assets, net of related debt	\$ 140,593,503	\$ 151,949,789	\$ 127,285,947	\$ 203,604,348
Restricted	8,338,052	10,226,161	20,980,085	24,955,154
Unrestricted	8,555,474	3,300,987	52,114,962	36,227,220
Total primary government activities net assets	\$ 157,487,029	\$ 165,476,937	\$ 200,380,994	\$ 264,786,722

2006	2007	2008	2009
\$ 199,786,953	\$ 217,932,805	\$ 255,344,078	277,293,967
37,960,372	37,214,570	32,866,628	21,011,767
27,243,969	33,992,522	(6,033,159)	(22,968,759)
\$ 264,991,294	\$ 289,139,897	\$ 282,177,547	\$ 275,336,975
\$ 98,060,711	\$ 97,968,074	\$ 100,098,580	109,407,466
0	0	0	0
24,561,653	21,641,262	19,036,528	14,695,223
\$ 122,622,364	\$ 119,609,336	\$ 119,135,108	\$ 124,102,689
\$ 297,847,664	\$ 315,900,879	\$ 355,442,658	386,701,433
37,960,372	37,214,570	32,866,628	21,011,767
51,805,622	55,633,784	13,003,369	(8,273,536)
\$ 387,613,658	\$ 408,749,233	\$ 401,312,655	\$ 399,439,664

### Changes in Net Assets

Charles County, Maryland Table 2 Last Eight Fiscal Years (accrual basis of accounting)

			Fiscal Year					
	2002	2003	2004	2005	2006	2007	2008	2009
Expenses								
Governmental activities:								
Legislative	\$ 932,826	\$ 997.839	\$ 1,053,609	\$ 1,231,770	\$ 1,331,109	\$ 1,331,325	\$ 2,027,389	2,080,510
Judicial	2,855,992	3,190,589	3,514,014	3,465,299	4,072,252	3,931,506	4,198,286	11,545,466
Law	505,470	607,516	812,745	824,000	838,244	790,215	869,395	894,366
General government	3,431,592	6,851,483	6,676,968	1,436,212	4,864,884	1,885,753	13,591,909	9,410,137
Elections	315,756	454,423	431,157	535,669	450,921	738,503	808,229	706,269
Public safety	45,052,530	50,637,755	52,264,855	56,229,625	68,718,560	77,007,397	87,502,195	95,921,812
Planning and growth management	2,689,951	2,592,835	2,601,574	2,748,328	3,080,869	4,245,235	4,036,674	5,883,572
Health	6,575,349	8,461,111	6,503,610	1,035,000	6,748,879	7,440,758	8,160,231	8,697,964
Social services	1,568,063	1,796,412	1,710,199	1,621,933	1,701,721	1,828,759	1,943,168	1,848,488
Community services	9,927,060	12,076,682	12,665,942	12,276,150	13,939,925	15,857,477	18,734,675	19,108,464
Public facilities	9,837,003	14,671,016	12,978,959	9,539,536	24,454,714	24,251,462	31,504,139	14,534,181
Economic development	1,102,575	1,280,579	1,271,000	1,489,956	1,265,730	1,571,550	1,623,306	1,504,604
Education	104,899,110	110,589,587	121,951,316	124,815,150	152,384,426	166,363,198	191,557,369	167,950,725
Conservation of natural resources	479,615	511,672	495,701	506,842	539,086	561,820	590,681	611,869 11,100,155
Interest expense on long term debt	3,817,773	4,060,740 218,780,239	4,915,963	6,385,409	7,660,049 292,051,369	9,279,460	10,264,554 377,412,201	351,798,582
Total governmental activities  Business-type activities:	193,990,665	210,700,239	229,847,612	224,140,679	292,051,309	317,004,418	3//,412,201	351,/90,302
Water and sewer	16,602,933	14,812,952	17,952,349	17,877,526	21,167,855	28,686,214	25,226,246	23,617,745
Inspection and review	1,687,450	2,023,858	1,942,060	2.091.199	2,525,610	3,251,479	3,424,829	3,062,354
County parks	948,380	1,019,794	973,183	873,127	793,293	957,450	946,765	980,132
Recreation	878,359	1,180,617	1,312,817	1,468,480	1,978,274	3,927,976	3,495,983	3,185,403
Solid waste	3,401,765	1,462,094	2,048,497	2,185,184	3,047,990	3,278,830	3,383,287	3,557,332
Environmental services	2,921,293	2,972,987	2,849,274	2,873,237	3,044,612	3,082,082	3,108,793	3,342,339
Vending machines	83,373	122,409	100,470	77,427	92,791	102,465	118,637	92,185
EMS-ambulance	593,110	962,438	961,305	0	0	0	0	0
Total business-type activities	27,116,663	24,557,149	28,139,955	27,446,180	32,650,425	43,286,496	39,704,540	37,837,489
Total primary government expenses	\$ 221,107,328	\$ 243,337,388	\$ 257,987,567	\$ 251,587,059	\$ 324,701,794	\$ 360,370,914	\$ 417,116,741	\$ 389,636,071
Program revenues Governmental activities:								
Charges for services	\$ 123,613	\$ 1,460	\$ 0	<b>s</b> 0	\$ 0	<b>s</b> 0	<b>\$</b> 0	0
Legislative Judicial	\$ 123,013	150,800			191,378	179,082	254,840	79,083
General government	1,422,313	2,313,698	133,213 4,089,045	56,324 3,205,074	3,733,301	11,232,430	10,753,735	2,222,486
Elections	1,422,313	2,313,098	3,792	7,149	6,500	7,046	6,504	2,222,400
Public safety	3,891,115	3,949,607	4.339.552	4,470,000	5,860,154	17,203,036	7,286,631	5.769.229
Planning and growth management	507,820	464,511	552,159	696,796	725,242	694,038	723,722	1,214,746
Health	60,326	53,810	54,345	157,526	64,301	28,130	47,861	38,362
Community services	593,076	436,274	697,175	879,526	1,545,253	2,007,430	881,080	1,605,410
Public facilities	542,176	459,535	1,145,572	496,357	662,741	508,650	641,037	809,628
Education	6,352,856	3,243,522	30,484	0	0	0	0	1,732,026
Operating grants and contributions	16,230,245	20,804,856	21,066,211	23,044,232	21,257,099	23,366,365	22,157,042	30,172,818
Capital grants and contributions	3,980,215	3,546,230	165,412	4,233,125	3,539,453	144,757	10,133,515	4,556,436
Total governmental activities program revenues	33,703,755	35,424,303	32,276,960	37,246,109	37,585,422	55,370,964	52,885,967	48,200,224
Business-type activities:								
Charges for services								
Water and sewer	16,004,686	17,459,135	16,388,152	17,225,499	20,869,943	20,513,212	23,179,800	23,215,291
Solid waste management	2,843,108	3,258,355	3,864,656	5,354,573	5,632,645	4,310,368	3,863,111	3,771,529
Environmental services	2,651,419	2,706,604	2,639,077	2,702,658	2,890,912	3,054,939	3,210,401	3,275,175
Other activities	3,541,528	3,899,317	4,534,873	5,613,771	5,571,374	7,608,922	6,986,131	5,983,167
Operating grants and contributions	59,718	99,665	0	6,361,499	0	0	0	0
Capital grants and contributions	0	0	0		5,196,779	720,580	771,580	922,555
Total business-type activities program revenues	25,100,459	27,423,076	27,426,758	37,258,000	40,161,653	36,208,021	38,011,023	37,167,718
Total primary government program revenues	\$ 58,804,214	\$ 62,847,379	\$ 59,703,718	\$ 74,504,109	\$ 77,747,075	\$ 91,578,985	\$ 90,896,990	\$ 85,367,942
Net (expense)/revenue								
Governmental activities	\$ (160,286,910)	\$ (183,355,936)	\$ (197,570,652)	\$ (186,894,770)	\$ (254,465,947)	\$ (261,713,455)	\$ (324,526,235)	\$ (303,598,358)
Business-type activities	(2,016,204)	2,865,927	(713,197)	9,811,820	7,511,228	(7,078,474)	(1,693,516)	(669,773)
Total primary government net expense	\$ (162,303,114)	\$ (180,490,009)	\$ (198,283,849)	\$ (177,082,950)	\$ (246,954,719)	\$ (268,791,929)	\$ (326,219,751)	\$ (304,268,131)
								Continued

Co		

			Fiscal Year					
=	2002	2003	2004	2005	2006	2007	2008	2009
General revenues and other changes in net assets Governmental activities:								
Taxes								
Local property taxes \$	98,644,386	\$ 102,438,884	\$ 107,270,639	\$ 116,960,932	\$ 130,167,509	\$ 144,342,192	\$ 161,343,642	181,396,190
Other local	12,223,850	15,972,837	19,516,870	32,081,000	37,035,382	34,687,130	20,522,655	15,240,771
Income taxes	57,810,172	61,003,475	70,581,168	77,280,142	79,175,266	80,001,338	82,610,436	71,838,853
State highway user taxes	6,235,924	7,130,244	4,664,291	7,230,251	8,963,917	9,489,506	9,142,897	8,077,769
County and state appropriations	0	0	0	0	0	0	0	0
Other income	88,359	627.795	437,554	982,631	1,460,713	2,699,439	3,661,909	4,209,764
Interest and investment earnings	2,471,207	1,475,761	1,372,729	3,888,103	8,013,493	10,614,025	8,914,827	5,471,445
Unrestricted grants and contributions	30,802	95,619	471,160	361,140	348,651	0	0	0
Miscellaneous	2,042,891	169,042	21,152,383	1,692,000	824,268	3,501,055	1,072,491	10,024,646
Transfers	523,449	875,536	-2,212,637	512,452	68,155	527,370	515,496	498,348
Extraordinary loss tornado, net of income re	-544,426	-877,263	-212,835	36,591	0	0	0	0
Total governmental activities	179,526,614	188,911,930	223,041,322	241,025,242	266,057,354	285,862,055	287,784,352	296,757,785
Business-type activities:								
Other income	189,897	333,848	2,367,892	192,050	225,460	513,511	310,906	454,841
Interest and investment earnings	262,481	128,362	111,770	208,022	456,878	753,005	453,435	157,074
Miscellaneous	-168,868	-10,965	0	579,100	-19,148	3,326,300	970,448	5,523,787
Transfers	-530,032	-883,258	2,212,637	-512,000	-68,155	(527,370)	(515,496)	(498,348)
Total business-type activities	-246,522	-432,013	4,692,299	467,172	595,035	4,065,446	1,219,293	5,637,354
Total primary government \$	179,280,092	\$ 188,479,917	\$ 227,733,621	\$ 241,492,414	\$ 266,652,389	\$ 289,927,501	\$ 289,003,645	\$ 302,395,139
Change in net assets								
Governmental activities \$	19,239,704	\$ 5,555,994	\$ 25,470,670	\$ 54,130,472	\$ 11,591,407	\$ 24,148,600	\$ (36,741,883)	\$ (6,840,573)
Business-type activities	-2,262,726	2,433,914	3,979,102	10,278,992	8,106,263	(3,013,028)	(474,223)	4,967,581
Total primary government \$	16,976,978	\$ 7,989,908	\$ 29,449,772	\$ 64,409,464	\$ 19,697,670	\$ 21,135,572	\$ (37,216,106)	\$ (1,872,992)

## Fund Balances of Governmental Funds

Charles County, Maryland
Table 3
Last Eight Fiscal Years
(modified accrual basis of accounting)

			Fiscal Year	_1
	2002	2003	2004	2005
General fund				
Reserved	\$ 110,188	\$ 1,617,018	\$ 1,421,234	\$ 1,879,734
Unreserved	29,326,676	18,677,242	15,545,693	40,680,821
Total general fund	\$ 29,436,864	\$ 20,294,260	\$ 16,966,927	\$ 42,560,555
All other governmental funds				
Reserved	\$ 14,747,366	\$ 28,475,020	\$ 66,797,263	\$ 64,868,355
Unreserved, reported in:				
Capital projects	149,705	211,963	215,367	215,784
Debt service	0	0	0	(86,000)
Other Governmental	0	0	0	(388,000)
Total all other governmental fund	\$ 14,897,071	\$ 28,686,983	\$ 67,012,630	\$ 64,610,139
- 100 m				

	2006 2007		2008	2009	
5	3,148,435	\$ 2,513,359	2,341,477	2,851,067	
	66,201,505	70,845,770	52,384,223	44,465,708	
	69,349,940	\$ 73,359,129	\$ 54,725,700	\$ 47,316,775	
			0.00		
5	66,488,425	\$ 53,723,542	36,092,369	28,330,900	
	215,784	11,526,070	5,445,932	3,163,028	
	(1,285,199)	(2,329,831)	(569,350)	(1,409,944)	
	0	0	0	0	
	65,419,010	\$ 62,919,781	\$ 40,968,951	\$ 30,083,984	
****					

## Changes in Fund Balances of Governmental Funds

Charles County, Maryland Table 4 Last Eight Fiscal Years (modified accrual basis of accounting)

	2002	2003	Fiscal Year 2004	2005
	2002	2003	2004	2005
evenues				
Taxes:				
Local property	\$ 98,644,386	\$ 102,438,884	\$ 93,621,591	\$ 117,233,417
Income	57,810,172	61,003,475	70,581,168	77,279,958
Other local	12,223,850	15,972,837	19,516,870	32,080,626
State shared	6,235,924	7,130,244	5,744,015	7,230,125
Charges for services	13,493,295	11,073,217	11,045,337	10,089,670
Intergovernmental	20,458,234	24,446,705	21,702,785	27,659,005
Interest income	2,471,207	1,475,762	1,372,728	3,889,480
Other income	141,820	1,020,346	929,138	1,149,112
otal revenues	211,478,888	224,561,470	224,513,632	276,611,393
penditures	00.50/.001	110 515 551	100 144 074	122 215 24/
Education	93,596,991	110,515,574	122,144,874	132,215,346
Public safety	44,111,723	49,455,489	51,822,701	56,624,784
Other general government	21,465,594	16,258,368	22,174,581	29,391,680
Public facilities	9,369,892	12,810,629	11,992,297	12,771,642
Financial administration	4,418,105	5,068,897	5,245,976	6,149,773
Community services	9,687,686	11,925,664	12,641,813	14,069,816
Judicial	2,818,442	2,857,371	2,945,405	3,162,410
Planning and growth management	2,608,668	2,410,200	2,545,095	2,687,328
Health services	6,071,660	6,050,499	5,801,296	5,639,444
Economic development	1,102,575	1,278,207	1,270,412	1,454,866
Social services	1,568,063	1,796,411	1,710,198	1,605,591
Legislative	920,878	989,687	948,917	1,064,271
Law	502,226	595,817	791,710	807,839
Conservation of natural resources	479,614	502,428	501,319	518,842
Elections	315,756	454,422	431,157	535,667
Debt service:	3-31/3-	13 17 1	13-7-37	333,
Principal	302,484	2,248,425	2,345,555	6,131,000
Interest	100,828	393,139	4,915,962	6,384,551
Capital outlay	24,460,204	16,259,815	27,765,945	33,784,000
otal expenditures	223,901,389	241,871,042	277,995,213	314,998,850
•				
xcess (deficiency) of revenues over (under) expenditures	(12,422,501)	(17,309,572)	(53,481,581)	(38,387,457)
over (under) experiences	(12,422,501)	(17,507,572)	(33,401,301)	(30,307,437)
ther financing sources (uses):				
Issuance of debt	23,199,477	22,219,999	86,348,971	58,348,200
Premium on issuance of debt	0	0	3,330,885	2,682,859
Bond Proceeds from debt refunding	0	0	0	0
	0	0	0	0
Defeased Bonds	- 110	15,318,845	8,856,709	8,079,430
Defeased Bonds Transfers in	3,635,568	-3131-13		( ( )
	3,635,568 (3,112,119)	(14,723,365)	(11,069,346)	(7,567,000)
Transfers in Transfers out			(11,069,346) 87,467,219	(7,567,000) 61,543,489
Transfers in Transfers out otal other financing sources	(3,112,119)	(14,723,365)		
Transfers in	(3,112,119) 23,722,926 \$ 11,300,425	(14,723,365) 22,815,479	87,467,219	61,543,489

79,175,266         80,001,338         81,823,096         82,314,48           37,035,382         34,687,130         20,522,655         15,240,77           8,963,917         9,489,506         9,142,897         8,077,76           12,788,863         26,028,921         19,496,339         13,470,97           25,145,209         28,035,871         41,170,868         34,729,25           8,013,496         10,614,025         8,914,827         5,471,44           1,631,290         2,699,443         3,661,909         4,209,76           316,009,658         335,898,426         346,076,232         344,910,65           161,687,215         159,729,820         179,059,944         159,990,08           66,126,686         79,956,523         83,927,644         92,314,20           15,950,278         16,694,340         18,628,434         18,948,92           14,466,542         51,163,301         71,238,410         44,349,36           13,891,819         20,115,284         19,337,221         18,948,92           2,955,292         5,558,043         6,835,946         5,852,02           5,384,954         5,946,557         6,894,108         7,185,74           1,701,721         1,828,759         1,943,168         1,8				
79,175,266         80,001,338         81,823,096         82,314,48           37,035,382         34,687,130         20,522,655         15,240,77           8,963,917         9,489,506         9,142,897         8,077,76           12,788,863         26,028,921         19,496,339         13,470,97           25,145,209         28,035,871         41,170,868         34,729,25           8,013,496         10,614,025         8,914,827         5,471,44           1,631,290         2,699,443         3,661,909         4,209,76           316,009,658         335,898,426         346,076,232         344,910,65           161,687,215         159,729,820         179,059,944         159,990,08           66,126,686         79,956,523         83,927,644         92,314,20           15,950,278         16,694,340         18,628,434         18,948,92           14,466,542         51,163,301         71,238,410         44,349,36           13,891,819         20,115,284         19,337,221         18,948,92           2,955,292         5,558,043         6,835,946         5,852,02           5,384,954         5,946,557         6,894,108         7,185,74           1,701,721         1,828,759         1,943,168         1,8	2006	2007	2008	2009
79,175,266         80,001,338         81,823,096         82,314,48           37,035,382         34,687,130         20,522,655         15,240,77           8,963,917         9,489,506         9,142,897         8,077,76           12,788,863         26,028,921         19,496,339         13,470,97           25,145,209         28,035,871         41,170,868         34,729,25           8,013,496         10,614,025         8,914,827         5,471,44           1,631,290         2,699,443         3,661,909         4,209,76           316,009,658         335,898,426         346,076,232         344,910,65           161,687,215         159,729,820         179,059,944         159,990,08           66,126,686         79,956,523         83,927,644         92,314,20           15,950,278         16,694,340         18,628,434         18,948,92           14,466,542         51,163,301         71,238,410         44,349,36           13,891,819         20,115,284         19,337,221         18,948,92           2,955,292         5,558,043         6,835,946         5,852,02           5,384,954         5,946,557         6,894,108         7,185,74           1,701,721         1,828,759         1,943,168         1,8				
37,035,382         34,687,130         20,522,655         15,240,77           8,963,917         9,489,506         9,142,897         8,077,76           12,788,863         26,028,921         19,496,339         13,470,97           25,145,209         28,035,871         41,170,868         34,729,25           8,013,496         10,614,025         8,914,827         5,471,44           1,631,290         2,699,443         3,661,909         4,209,76           316,009,658         335,898,426         346,076,232         344,910,65           161,687,215         159,729,820         179,059,944         159,990,08           66,126,686         79,956,523         83,927,644         92,314,20           15,590,278         16,694,330         18,628,434         18,948,92           14,466,542         51,163,301         71,238,410         44,349,36           7,375,017         7,385,324         19,337,221         18,932,22           3,514,752         5,173,562         5,852,295         11,495,67           3,144,752         5,173,562         5,852,295         11,495,67           5,384,954         5,946,557         6,894,108         7,185,74           1,101,721         1,828,759         1,645,300         1,472,3				181,396,190
8,963,917         9,489,506         9,142,897         8,077,76           12,788,863         26,028,921         19,496,339         13,470,97           25,145,209         28,035,871         41,170,868         34,729,25           8,013,496         10,614,025         8,914,827         5,471,44           1,631,290         2,699,443         3,661,909         4,209,76           316,009,658         335,898,426         346,076,232         344,910,65           161,687,215         159,729,820         179,059,944         159,990,08           66,126,686         79,956,523         83,927,644         92,314,20           15,950,278         16,694,340         18,628,434         18,948,92           14,466,542         51,163,301         71,238,410         44,349,36           7,375,017         7,385,324         8,061,548         9,500,75           13,891,819         20,115,284         19,337,221         18,932,22           3,544,752         5,173,562         5,852,295         11,495,67           2,955,292         5,58,043         6,835,946         5,852,025           5,384,954         5,946,557         6,894,108         7,185,74           1,315,935         1,552,596         1,644,500         1,472,39 </td <td>79,175,266</td> <td>80,001,338</td> <td>81,823,096</td> <td>82,314,487</td>	79,175,266	80,001,338	81,823,096	82,314,487
12,788,863         26,028,921         19,496,339         13,470,97           25,145,209         28,035,871         41,170,868         34,729,25           8,013,496         10,614,025         8,914,827         5,471,44           1,631,290         2,699,443         3,661,909         4,209,76           316,009,658         335,898,426         346,076,232         344,910,65           161,687,215         159,729,820         179,059,944         159,990,08           66,126,686         79,956,523         83,927,644         92,314,20           15,950,278         16,694,340         18,628,434         18,948,92           14,466,542         51,163,301         71,238,410         44,349,36           7,375,017         7,385,324         8,061,548         9,500,75           13,891,819         20,115,284         19,337,221         18,932,22           3,514,752         5,173,562         5,852,295         11,495,67           2,955,292         5,558,043         6,835,946         5,852,20           5,384,954         5,946,557         6,894,108         7,185,74           1,315,935         1,552,596         1,645,300         1,472,39           1,701,721         1,828,759         1,943,168         1,848,48 </td <td>37,035,382</td> <td>34,687,130</td> <td>20,522,655</td> <td>15,240,77</td>	37,035,382	34,687,130	20,522,655	15,240,77
25,145,209	8,963,917	9,489,506	9,142,897	8,077,769
8,013,496         10,614,025         8,914,827         5,471,44           1,631,290         2,699,443         3,661,909         4,209,76           316,009,658         335,898,426         346,076,232         344,910,65           161,687,215         159,729,820         179,059,944         159,990,08           66,126,686         79,956,523         83,927,644         92,314,20           15,950,278         16,694,340         18,628,434         18,948,92           14,466,542         51,163,301         71,238,410         44,349,36           7,375,017         7,385,324         8,061,548         9,500,75           13,891,819         20,115,284         19,337,221         18,932,22           3,514,752         5,173,562         5,852,295         11,495,67           2,955,292         5,586,043         6,835,946         5,852,095           1,315,935         1,552,596         1,645,300         1,472,39           1,701,721         1,828,759         1,943,168         1,848,48           1,156,823         1,196,965         1,804,515         1,972,69           812,146         781,485         824,957         880,24           525,344         549,096         593,574         602,24	12,788,863	26,028,921	19,496,339	13,470,970
1,631,290         2,699,443         3,661,909         4,209,76           316,009,658         335,898,426         346,076,232         344,910,65           161,687,215         159,729,820         179,059,944         159,990,08           66,126,686         79,956,523         83,927,644         92,314,20           15,950,278         16,694,340         18,628,434         18,948,92           14,466,542         51,163,301         71,238,410         44,349,36           7,375,017         7,385,324         8,061,548         9,500,75           13,891,819         20,115,284         19,337,221         18,932,22           3,514,752         5,173,562         5,852,295         11,495,67           2,955,292         5,558,043         6,835,946         5,852,02           5,384,954         5,946,557         6,894,108         7,185,74           1,315,935         1,552,596         1,645,300         1,472,39           1,701,721         1,828,759         1,943,168         1,848,48           1,156,823         1,196,965         1,804,515         1,972,69           812,146         781,485         824,957         880,24           525,344         549,096         593,574         602,24	25,145,209	28,035,871	41,170,868	34,729,25
316,009,658         335,898,426         346,076,232         344,910,65           161,687,215         159,729,820         179,059,944         159,990,08           66,126,686         79,956,523         83,927,644         92,314,20           15,950,278         16,694,340         18,628,434         18,948,92           14,466,542         51,163,301         71,238,410         44,349,36           7,375,017         7,385,324         8,061,548         9,500,75           13,891,819         20,115,284         19,337,221         18,932,22           3,514,752         5,173,562         5,852,295         11,495,67           2,955,292         5,586,43         6,835,946         5,852,02           5,384,954         5,946,557         6,894,108         7,185,74           1,315,935         1,552,596         1,645,300         1,472,39           1,701,721         1,828,759         1,943,168         1,848,48           1,156,823         1,196,965         1,804,515         1,972,69           812,146         781,485         824,957         880,24           525,344         549,096         593,574         602,24           450,915         738,503         813,294         706,01 <td< td=""><td>8,013,496</td><td>10,614,025</td><td>8,914,827</td><td>5,471,44</td></td<>	8,013,496	10,614,025	8,914,827	5,471,44
161,687,215	1,631,290	2,699,443	3,661,909	4,209,76
66,126,686         79,956,523         83,927,644         92,314,20           15,950,278         16,694,340         18,628,434         18,948,92           14,466,542         51,163,301         71,238,410         44,349,36           7,375,017         7,385,324         8,061,548         9,500,75*           13,891,819         20,115,284         19,337,221         18,932,22           3,514,752         5,173,562         5,852,295         11,495,67*           2,955,292         5,558,043         6,835,946         5,852,02           5,384,954         5,946,557         6,894,108         7,185,74           1,315,935         1,552,596         1,645,300         1,472,39           1,701,721         1,828,759         1,943,168         1,848,48           1,156,823         1,196,965         1,804,515         1,972,69           812,146         781,485         824,957         880,24           525,344         549,096         593,574         602,24           450,915         738,503         813,294         706,01           7,660,050         9,279,460         10,264,554         11,100,15           29,641,662         0         0         0           341,930,813         376	316,009,658	335,898,426	346,076,232	344,910,65
66,126,686         79,956,523         83,927,644         92,314,20           15,950,278         16,694,340         18,628,434         18,948,92           14,466,542         51,163,301         71,238,410         44,349,36           7,375,017         7,385,324         8,061,548         9,500,75*           13,891,819         20,115,284         19,337,221         18,932,22           3,514,752         5,173,562         5,852,295         11,495,67*           2,955,292         5,558,043         6,835,946         5,852,02           5,384,954         5,946,557         6,894,108         7,185,74           1,315,935         1,552,596         1,645,300         1,472,39           1,701,721         1,828,759         1,943,168         1,848,48           1,156,823         1,196,965         1,804,515         1,972,69           812,146         781,485         824,957         880,24           525,344         549,096         593,574         602,24           450,915         738,503         813,294         706,01           7,660,050         9,279,460         10,264,554         11,100,15           29,641,662         0         0         0           341,930,813         376	161 687 215	150 720 820	170 050 044	150 000 08
15,950,278         16,694,340         18,628,434         18,948,92           14,466,542         51,163,301         71,238,410         44,349,36           7,375,017         7,385,324         8,061,548         9,500,75           13,891,819         20,115,284         19,337,221         18,932,22           3,514,752         5,173,562         5,852,295         11,495,67           2,955,292         5,558,043         6,835,946         5,852,02           5,384,954         5,946,557         6,894,108         7,185,74           1,315,935         1,552,596         1,645,300         1,472,39           1,701,721         1,828,759         1,943,168         1,848,48           1,156,823         1,196,965         1,804,515         1,972,69           812,146         781,485         824,957         880,24           525,344         549,096         593,574         602,24           450,915         738,503         813,294         706,01           7,313,662         8,413,950         10,122,812         11,166,70           7,660,050         9,279,460         10,264,554         11,100,15           29,641,662         0         0         0         1,244,64           0				
14,466,542         51,163,301         71,238,410         44,349,36           7,375,017         7,385,324         8,061,548         9,500,75           13,891,819         20,115,284         19,337,221         18,932,22           3,514,752         5,173,562         5,852,295         11,495,67           2,955,292         5,558,043         6,835,946         5,852,295           5,384,954         5,946,557         6,894,108         7,185,74           1,315,935         1,552,596         1,645,300         1,472,39           1,701,721         1,828,759         1,943,168         1,848,48           1,156,823         1,196,965         1,804,515         1,972,69           812,146         781,485         824,957         880,24           525,344         549,096         593,574         602,24           450,915         738,503         813,294         706,01           7,313,662         8,413,950         10,122,812         11,166,70           7,660,050         9,279,460         10,264,554         11,100,15           29,641,662         0         0         0           341,930,813         376,063,567         427,847,725         398,317,93           (25,921,155)         (				
7,375,017         7,385,324         8,061,548         9,500,75           13,891,819         20,115,284         19,337,221         18,932,22           3,514,752         5,173,562         5,852,295         11,495,67           2,955,292         5,558,043         6,835,946         5,852,02           5,384,954         5,946,557         6,894,108         7,185,74           1,315,935         1,552,596         1,645,300         1,472,39           1,701,721         1,828,759         1,943,168         1,848,48           1,156,823         1,196,965         1,804,515         1,972,69           812,146         781,485         824,957         880,24           525,344         549,096         593,574         602,24           450,915         738,503         813,294         706,01           7,360,050         9,279,460         10,264,554         11,100,15           29,641,662         0         0         0           341,930,813         376,063,567         427,847,725         398,317,93           (25,921,155)         (40,165,140)         (81,771,493)         (53,407,283           51,504,247         40,114,600         40,048,292         33,619,00           1,283,122				
13,891,819         20,115,284         19,337,221         18,932,22           3,514,752         5,173,562         5,852,295         11,495,67           2,955,292         5,558,043         6,835,946         5,852,02           5,384,954         5,946,557         6,894,108         7,185,74           1,315,935         1,552,596         1,645,300         1,472,39           1,701,721         1,828,759         1,943,168         1,848,48           1,156,823         1,196,965         1,804,515         1,972,69           812,146         781,485         824,957         880,24           525,344         549,096         593,574         602,24           450,915         738,503         813,294         706,01           7,360,050         9,279,460         10,264,554         11,100,15           29,641,662         0         0         398,317,93           (25,921,155)         (40,165,140)         (81,771,493)         (53,407,283           51,504,247         40,114,600         40,048,292         33,619,00           1,283,122         1,033,133         623,446         1,504,64           0         0         0         0         (11,228,871           (17,466,662)				
3,514,752       5,173,562       5,852,295       11,495,67         2,955,292       5,558,043       6,835,946       5,852,02         5,384,954       5,946,557       6,894,108       7,185,74         1,315,935       1,552,596       1,645,300       1,472,39         1,701,721       1,828,759       1,943,168       1,848,48         1,156,823       1,196,965       1,804,515       1,972,69         812,146       781,485       824,957       880,24         525,344       549,096       593,574       602,24         450,915       738,503       813,294       706,01         7,313,662       8,413,950       10,122,812       11,166,70         7,660,050       9,279,460       10,264,554       11,100,15         29,641,662       0       0       0         341,930,813       376,063,567       427,847,725       398,317,93         (25,921,155)       (40,165,140)       (81,771,493)       (53,407,283         51,504,247       40,114,600       40,048,292       33,619,00         1,283,122       1,033,133       623,446       1,504,64         0       0       0       0       11,200,09         0       0				
2,955,292         5,558,043         6,835,946         5,852,02           5,384,954         5,946,557         6,894,108         7,185,74           1,315,935         1,552,596         1,645,300         1,472,39           1,701,721         1,828,759         1,943,168         1,848,48           1,156,823         1,196,965         1,804,515         1,972,69           812,146         781,485         824,957         880,24           525,344         549,096         593,574         602,24           450,915         738,503         813,294         706,01           7,313,662         8,413,950         10,122,812         11,166,70           7,660,050         9,279,460         10,264,554         11,100,15           29,641,662         0         0         341,930,813         376,063,567         427,847,725         398,317,93           (25,921,155)         (40,165,140)         (81,771,493)         (53,407,283           51,504,247         40,114,600         40,048,292         33,619,00           1,283,122         1,033,133         623,446         1,504,64           0         0         0         0         (11,728,871           17,534,817         12,157,059         17,360,153<				
5,384,954         5,946,557         6,894,108         7,185,74           1,315,935         1,552,596         1,645,300         1,472,39           1,701,721         1,828,759         1,943,168         1,848,48           1,156,823         1,196,965         1,804,515         1,972,69           812,146         781,485         824,957         880,24           525,344         549,096         593,574         602,24           450,915         738,503         813,294         706,01           7,313,662         8,413,950         10,122,812         11,166,70           7,660,050         9,279,460         10,264,554         11,100,15           29,641,662         0         0         0           341,930,813         376,063,567         427,847,725         398,317,93           (25,921,155)         (40,165,140)         (81,771,493)         (53,407,283           51,504,247         40,114,600         40,048,292         33,619,00           1,283,122         1,033,133         623,446         1,504,64           0         0         0         11,200,09           0         0         0         (11,728,871           17,534,817         12,157,059         17,360,153				
1,315,935       1,552,596       1,645,300       1,472,39         1,701,721       1,828,759       1,943,168       1,848,48         1,156,823       1,196,965       1,804,515       1,972,69         812,146       781,485       824,957       880,24         525,344       549,096       593,574       602,24         450,915       738,503       813,294       706,01         7,313,662       8,413,950       10,122,812       11,166,70         7,660,050       9,279,460       10,264,554       11,100,15         29,641,662       0       0       0         341,930,813       376,063,567       427,847,725       398,317,93         (25,921,155)       (40,165,140)       (81,771,493)       (53,407,283         51,504,247       40,114,600       40,048,292       33,619,00         1,283,122       1,033,133       623,446       1,504,64         0       0       0       0       11,200,09         0       0       0       (11,728,871         17,534,817       12,157,059       17,360,153       10,517,47         (17,466,662)       (11,629,690)       (16,844,657)       (10,019,125         52,855,524       41,675,102 <td></td> <td></td> <td></td> <td></td>				
1,701,721       1,828,759       1,943,168       1,848,48         1,156,823       1,196,965       1,804,515       1,972,69         812,146       781,485       824,957       880,24         525,344       549,096       593,574       602,24         450,915       738,503       813,294       706,01         7,313,662       8,413,950       10,122,812       11,166,70         7,660,050       9,279,460       10,264,554       11,100,15         29,641,662       0       0       341,930,813       376,063,567       427,847,725       398,317,93         (25,921,155)       (40,165,140)       (81,771,493)       (53,407,283         51,504,247       40,114,600       40,048,292       33,619,00         1,283,122       1,033,133       623,446       1,504,64         0       0       0       0       (11,200,09         0       0       0       (11,200,09       0       (11,728,871         17,534,817       12,157,059       17,360,153       10,517,47       (17,466,662)       (11,629,690)       (16,844,657)       (10,019,125         52,855,524       41,675,102       41,187,234       35,093,21         \$26,934,369       \$1,509,962				
1,156,823       1,196,965       1,804,515       1,972,69         812,146       781,485       824,957       880,24         525,344       549,096       593,574       602,24         450,915       738,503       813,294       706,01         7,313,662       8,413,950       10,122,812       11,166,70         7,660,050       9,279,460       10,264,554       11,100,15         29,641,662       0       0       398,317,93         (25,921,155)       (40,165,140)       (81,771,493)       (53,407,283         51,504,247       40,114,600       40,048,292       33,619,00         1,283,122       1,033,133       623,446       1,504,64         0       0       0       0       (11,200,09)         0       0       0       (11,200,09)       0       (11,728,871)         17,534,817       12,157,059       17,360,153       10,517,47       (17,466,662)       (11,629,690)       (16,844,657)       (10,019,125)         52,855,524       41,675,102       41,187,234       35,093,21         \$26,934,369       \$1,509,962       \$(40,584,259)       \$(18,314,065)				
812,146       781,485       824,957       880,24         525,344       549,096       593,574       602,24         450,915       738,503       813,294       706,01         7,313,662       8,413,950       10,122,812       11,166,70         7,660,050       9,279,460       10,264,554       11,100,15         29,641,662       0       0       0         341,930,813       376,063,567       427,847,725       398,317,93         (25,921,155)       (40,165,140)       (81,771,493)       (53,407,283         51,504,247       40,114,600       40,048,292       33,619,00         1,283,122       1,033,133       623,446       1,504,64         0       0       0       0       (11,200,09         17,534,817       12,157,059       17,360,153       10,517,47         (17,466,662)       (11,629,690)       (16,844,657)       (10,019,125         52,855,524       41,675,102       41,187,234       35,093,21         \$ 26,934,369       \$ 1,509,962       \$ (40,584,259)       \$ (18,314,065)				
525,344         549,096         593,574         602,24           450,915         738,503         813,294         706,01           7,313,662         8,413,950         10,122,812         11,166,70           7,660,050         9,279,460         10,264,554         11,100,15           29,641,662         0         0         0           341,930,813         376,063,567         427,847,725         398,317,93           (25,921,155)         (40,165,140)         (81,771,493)         (53,407,283           51,504,247         40,114,600         40,048,292         33,619,00           1,283,122         1,033,133         623,446         1,504,64           0         0         0         (11,200,09           0         0         (11,728,871           17,534,817         12,157,059         17,360,153         10,517,47           (17,466,662)         (11,629,690)         (16,844,657)         (10,019,125           52,855,524         41,675,102         41,187,234         35,093,21           \$ 26,934,369         \$ 1,509,962         \$ (40,584,259)         \$ (18,314,065)				
450,915       738,503       813,294       706,01         7,313,662       8,413,950       10,122,812       11,166,70         7,660,050       9,279,460       10,264,554       11,100,15         29,641,662       0       0       376,063,567       427,847,725       398,317,93         (25,921,155)       (40,165,140)       (81,771,493)       (53,407,283)         51,504,247       40,114,600       40,048,292       33,619,00         1,283,122       1,033,133       623,446       1,504,64         0       0       0       0       11,200,09         0       0       0       (11,728,871)         17,534,817       12,157,059       17,360,153       10,517,47         (17,466,662)       (11,629,690)       (16,844,657)       (10,019,125)         52,855,524       41,675,102       41,187,234       35,093,21         \$ 26,934,369       \$ 1,509,962       \$ (40,584,259)       \$ (18,314,065)				
7,313,662       8,413,950       10,122,812       11,166,70         7,660,050       9,279,460       10,264,554       11,100,15         29,641,662       0       0         341,930,813       376,063,567       427,847,725       398,317,93         (25,921,155)       (40,165,140)       (81,771,493)       (53,407,283         51,504,247       40,114,600       40,048,292       33,619,00         1,283,122       1,033,133       623,446       1,504,64         0       0       0       11,200,09         0       0       0       (11,728,871         17,534,817       12,157,059       17,360,153       10,517,47         (17,466,662)       (11,629,690)       (16,844,657)       (10,019,125)         52,855,524       41,675,102       41,187,234       35,093,21         \$ 26,934,369       \$ 1,509,962       \$ (40,584,259)       \$ (18,314,065)				
7,660,050       9,279,460       10,264,554       11,100,15         29,641,662       0       0       376,063,567       427,847,725       398,317,93         (25,921,155)       (40,165,140)       (81,771,493)       (53,407,283)         51,504,247       40,114,600       40,048,292       33,619,00         1,283,122       1,033,133       623,446       1,504,64         0       0       0       11,200,09         0       0       0       (11,728,871)         17,534,817       12,157,059       17,360,153       10,517,47         (17,466,662)       (11,629,690)       (16,844,657)       (10,019,125)         52,855,524       41,675,102       41,187,234       35,093,21         \$ 26,934,369       \$ 1,509,962       \$ (40,584,259)       \$ (18,314,065)	450,915	738,503	813,294	706,01
29,641,662     0     0       341,930,813     376,063,567     427,847,725     398,317,93       (25,921,155)     (40,165,140)     (81,771,493)     (53,407,283)       51,504,247     40,114,600     40,048,292     33,619,00       1,283,122     1,033,133     623,446     1,504,64       0     0     0     (11,200,09)       0     0     (11,728,871)       17,534,817     12,157,059     17,360,153     10,517,47       (17,466,662)     (11,629,690)     (16,844,657)     (10,019,125)       52,855,524     41,675,102     41,187,234     35,093,21       \$ 26,934,369     \$ 1,509,962     \$ (40,584,259)     \$ (18,314,065)	7,313,662	8,413,950	10,122,812	11,166,70
341,930,813       376,063,567       427,847,725       398,317,93         (25,921,155)       (40,165,140)       (81,771,493)       (53,407,283)         51,504,247       40,114,600       40,048,292       33,619,00         1,283,122       1,033,133       623,446       1,504,64         0       0       0       (11,200,09)         0       0       (11,728,871)         17,534,817       12,157,059       17,360,153       10,517,47         (17,466,662)       (11,629,690)       (16,844,657)       (10,019,125)         52,855,524       41,675,102       41,187,234       35,093,21         \$ 26,934,369       \$ 1,509,962       \$ (40,584,259)       \$ (18,314,065)	7,660,050	9,279,460	10,264,554	11,100,15
(25,921,155)       (40,165,140)       (81,771,493)       (53,407,283)         51,504,247       40,114,600       40,048,292       33,619,00         1,283,122       1,033,133       623,446       1,504,64         0       0       0       11,200,09         0       0       0       (11,728,871)         17,534,817       12,157,059       17,360,153       10,517,47         (17,466,662)       (11,629,690)       (16,844,657)       (10,019,125)         52,855,524       41,675,102       41,187,234       35,093,21         \$ 26,934,369       \$ 1,509,962       \$ (40,584,259)       \$ (18,314,065)	29,641,662	0	0	
51,504,247       40,114,600       40,048,292       33,619,00         1,283,122       1,033,133       623,446       1,504,64         0       0       0       11,200,09         0       0       0       (11,728,871         17,534,817       12,157,059       17,360,153       10,517,47         (17,466,662)       (11,629,690)       (16,844,657)       (10,019,125         52,855,524       41,675,102       41,187,234       35,093,21         \$ 26,934,369       \$ 1,509,962       \$ (40,584,259)       \$ (18,314,065)	341,930,813	376,063,567	427,847,725	398,317,93
1,283,122       1,033,133       623,446       1,504,64         0       0       0       11,200,09         0       0       0       (11,728,871         17,534,817       12,157,059       17,360,153       10,517,47         (17,466,662)       (11,629,690)       (16,844,657)       (10,019,125         52,855,524       41,675,102       41,187,234       35,093,21         \$ 26,934,369       \$ 1,509,962       \$ (40,584,259)       \$ (18,314,065)	(25,921,155)	(40,165,140)	(81,771,493)	(53,407,283
1,283,122       1,033,133       623,446       1,504,64         0       0       0       11,200,09         0       0       0       (11,728,871         17,534,817       12,157,059       17,360,153       10,517,47         (17,466,662)       (11,629,690)       (16,844,657)       (10,019,125         52,855,524       41,675,102       41,187,234       35,093,21         \$ 26,934,369       \$ 1,509,962       \$ (40,584,259)       \$ (18,314,065)	51.504.247	40.114.600	40.048.292	33.619.00
0       0       0       11,200,09         0       0       0       (11,728,871         17,534,817       12,157,059       17,360,153       10,517,47         (17,466,662)       (11,629,690)       (16,844,657)       (10,019,125         52,855,524       41,675,102       41,187,234       35,093,21         \$ 26,934,369       \$ 1,509,962       \$ (40,584,259)       \$ (18,314,065)				
0     0     0     (11,728,871)       17,534,817     12,157,059     17,360,153     10,517,47       (17,466,662)     (11,629,690)     (16,844,657)     (10,019,125)       52,855,524     41,675,102     41,187,234     35,093,21       \$ 26,934,369     \$ 1,509,962     \$ (40,584,259)     \$ (18,314,065)				
17,534,817       12,157,059       17,360,153       10,517,47         (17,466,662)       (11,629,690)       (16,844,657)       (10,019,125)         52,855,524       41,675,102       41,187,234       35,093,21         \$ 26,934,369       \$ 1,509,962       \$ (40,584,259)       \$ (18,314,065)				
(17,466,662)       (11,629,690)       (16,844,657)       (10,019,125)         52,855,524       41,675,102       41,187,234       35,093,21         \$ 26,934,369       \$ 1,509,962       \$ (40,584,259)       \$ (18,314,065)				
52,855,524       41,675,102       41,187,234       35,093,21         \$ 26,934,369       \$ 1,509,962       \$ (40,584,259)       \$ (18,314,065)				
4.795% 5.465% 5.429% 6.436%	\$ 26,934,369	\$ 1,509,962	\$ (40,584,259)	\$ (18,314,065
	4.795%	5.465%	5.429%	6.436%

# Assessed Value and Estimated Actual Value of Taxable Property (1)

Charles County, Maryland Table 5 Last Eight Fiscal Years

	Fiscal Year			Business	Railroads	Ordinary
	Ending	Real I	Property	Personal	& Public	Business
_	June 30	Full Year	1/4, 1/2, 3/4 Yr.	Property	Utilities	Corporations
	2002	2,924,754,441	77,402,212	6,921,050	224,821,303	677,192,899
	2003	3,093,508,875	88,454,559	9,218,710	209,669,940	690,663,530
	2004	3,339,186,211	82,201,030	9,745,670	208,190,400	679,348,840
	2005	3,672,682,880	110,359,000	7,143,700	203,431,500	646,906,500
	2006	4,155,635,344	97,269,358	7,418,110	195,747,160	666,542,410
	2007	4,905,688,842	129,503,463	7,464,250	203,176,060	672,024,330
	2008	5,979,002,092	93,325,052	7,285,360	187,147,270	661,521,380
	2009	7,028,894,776	74,223,036	5,640,570	195,176,080	808,399,180

<sup>(1)</sup> Information source: Maryland State Department of Assessments and Taxation/Charles County Treasurer's Office

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
3,911,091,905	1.10	8,414,326,885	46.48%
4,091,515,614	1.10	8,864,460,765	46.16%
4,318,672,151	1.15	9,450,753,013	45.70%
4,640,523,580	1.16	10,315,086,400	44.99%
5,122,612,382	1.16	11,501,969,435	44.54%
5,917,856,944	1.14	13,470,645,401	43.93%
6,928,281,154	1.14	16,036,771,870	43.20%
8,112,333,642	1.14	18,767,010,361	43.23%

## Property Tax Rates for Direct and Overlapping Governments <sup>1</sup>

Charles County, Maryland Table 6 Last Eight Fiscal Years (Per \$100 of Assessed Value)

Fiscal Years	General County (Including Education)	Fire and Rescue Tax	State	Town of La Plata	Town of Indian Head
2002	0.952	0.064	0.084	0.25	0.30
2003	0.952	0.064	0.084	0.25	0.32
2004	0.952	0.064	0.132	0.25	0.32
2005	0.962	0.064	0.132	0.25	0.30
2006	0.962	0.064	0.132	0.22	0.28
2007	0.962	0.064	0.112	0.24	0.29
2008	0.962	0.064	0.112	0.24	0.29
2009	0.962	0.064	0.112	0.24	0.28

<sup>(1)</sup> Information Source: Charles County Treasurer's Office

### Principal Taxpayers 1

Charles County, Maryland Table 7

# Ten Leading Taxpayers (For period ending June 30, 2009)

Taxpayer	Assessed Valuation	% of Total Assessed	County Taxes <sup>2</sup>
Mirant Mid-Atlantic	\$ 673,380,660	8.30%	\$ 14,768,305
Southern Maryland Electric Coopera	tive 82,538,320	1.02%	1,985,047
Charles Mall Company LTD Partnersh	hip 144,333,332	1.78%	1,388,487
Verizon Maryland Inc.	57,609,040	0.71%	1,385,497
Washingotn Gas Light Company	22,660,390	0.28%	544,982
Madison Waldorf, LLC	51,238,600	0.63%	492,915
Potomac Electric Power Company	18,391,350	0.23%	442,312
Charles Developers LTD Partnership	40,765,800	0.50%	392,167
Waldorf Shoppers' World	29,903,032	0.37%	287,667
SVF Waldorf LLC	29,687,800	0.37%	285,597
	\$ 1,150,508,324	14.18%	\$ 21,972,976
Total Taxable Assessed Value		\$ 8,112,333,642	

# Ten Leading Taxpayers (For period ending June 30, 2002)

Taxpayer	Assessed Valuation	% of Total Assessed	County Taxes <sup>2</sup>
Mirant Mid-Atlantic	\$ 633,255,060	16.19%	\$ 15,261,447
Southern Maryland Electric Cooperati	ive 84,627,650	2.16%	2,039,526
Verizon Maryland, Inc	70,107,090	1.79%	1,689,581
Charles Mall Company	81,476,726	2.08%	1,963,589
Potomac Electric Power Company	27,275,790	0.70%	657,347
AT&TCommunications	16,002,160	0.41%	385,652
Washingotn Gas Light Company	15,537,880	0.40%	374,463
Charles Developers LTD Partnership	38,324,400	0.98%	923,618
CW Waldorf Retial LTD Partnership	33,104,333	0.85%	797,814
COMCAST Cablevision of Maryland	8,892,180	0.23%	214,302
	\$ 1,008,603,269	25.79%	\$ 24,307,339
Total Taxable Assessed Value		\$ 3,911,091,905	3

<sup>1</sup> Information Source: Maryland State Department of Assessment and Taxation/Charles County Treasurer's Office

<sup>2</sup> Based on County Tax (\$2.41 per \$100 assessed)

<sup>3</sup> Total figure from Table 5

# Property Tax Levies and Collections 1

Charles County, Maryland Table 8

Fiscal				
Year	Total Tax	Collected	Collected within the	
Ending	Levy Local	Fiscal Year	of the Levy	In Subsequent
June 30	Property <sup>2</sup>	Amount	Percent	Years
2002	92,384,314	91,762,279	99.33%	292,832
2003	96,340,944	95,882,203	99.52%	233,382
2004	101,775,454	87,836,161	86.30%	(173,924)
2005	110,799,245	110,293,081	99.54%	458,169
2006	121,997,001	121,478,580	99.58%	13,386,337
2007	140,772,121	139,930,512	99.40%	55,079
2008	165,599,544	164,805,575	99.52%	910,066
2009	194,249,210	190,150,738	97.89%	(54,235)

<sup>1</sup> Audited financial statements of the County for the fiscal years 2002-2009.

<sup>2</sup> Includes all Real Property, Personal Property, & Ordinary Business Taxes

Total Colle	Outstanding	
To Da	ite	Delinquent
Amount	Percent	Tax
92,055,111	99.64%	1,347,464
96,115,585	99.77%	1,155,641
87,662,237	86.13%	15,141,393
110,751,250	99.96%	14,842,637
134,864,917	110.55%	1,751,847
139,985,591	99.44%	2,435,580
165,715,641	100.07%	1,549,470
190,096,503	97.86%	5,205,491

### Ratios of Outstanding Debt by Type

Charles County, Maryland Table 9 Last Eight Fiscal Years

Fiscal		Go	vernm	ental Activities	3		В	usiness	s-type Activitie	S	
Year Ending		General Obligation		Capital Lease		Notes	General Obligation		Capital Lease		Notes
June 30	-	Bonds		Obligation		Payable	 Bonds		Obligation		Payable
2002	\$	86,018,529	\$	1,788,069	\$	4,701,817	\$ 27,801,312	\$	960,615	\$	1,280,790
2003		96,087,420		3,180,625		4,323,013	32,388,119		1,142,369		1,123,807
2004		161,393,812		2,919,121		3,927,694	31,792,003		1,279,645		15,727,829
2005		186,133,328		2,991,341		3,492,876	37,065,192		898,739		10,174,038
2006		217,280,520		3,798,264		3,062,982	37,024,478		988,400		18,684,069
2007		235,896,259		4,112,261		2,614,352	48,173,744		6,838,341		13,402,972
2008		250,841,807		5,178,942		2,146,167	53,663,193		6,219,175		13,826,797
2009		258,422,307		5,332,288		1,657,574	55,677,693		6,554,467		13,031,157

<sup>1</sup> See Table 13 for personal income and population data. These ratios are calculated using personal income and population.

Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>		
\$ 122,551,132	2.93%	\$	949.71	
138,245,353	3.13%		1,018.74	
217,040,104	4.63%		1,580.30	
240,755,514	4.81%		1,755.49	
280,838,713	5.31%		2,018.04	
311,037,929	not available		2,219.02	
331,876,081	not available		2,357.68	
340,675,486	not available	ne	ot available	

## Ratios of General Bonded Debt Outstanding

Charles County, Maryland Table 10 Last Eight Fiscal Years

				Percentage of	
Fiscal		Less: Amounts		Estimated	
Year	General	Available		Actual Taxable	
Ending	Obligation	in Debt		Value of	Per
June 30	Bonds	Service Fund	Total	Property <sup>2</sup>	Capita <sup>1</sup>
2002	133,500,824	38,858,662	94,642,162	2.42%	733.43
2003	138,244,808	49,290,610	88,954,198	2.17%	655.51
2004	213,565,920	101,288,391	112,277,529	2.60%	817.51
2005	246,413,293	130,656,169	115,757,124	2.49%	844.06
2006	277,530,127	148,202,168	129,327,959	2.52%	929.32
2007	319,166,935	181,853,346	137,313,589	2.32%	979.63
2008	331,365,201	173,624,303	157,740,898	2.28%	1,120.61
2009	340,680,382	166,871,496	173,808,886	2.14%	1,218.75

<sup>(1)</sup> See Table 13 for personal income and population data. This ratio is calculated using personal income and population.

<sup>(2)</sup> See Table 5 for total taxable assessed value. This ratio is calculated using total taxable assessed value.

## Ratios of General Bonded Debt Outstanding

Charles County, Maryland Table 10 Last Eight Fiscal Years

Fiscal Year Ending	General Obligation	Less: Amounts Available in Debt		Percentage of Estimated Actual Taxable Value of	Per
June 30	Bonds	Service Fund	Total	Property <sup>2</sup>	Capita <sup>1</sup>
2002	133,500,824	38,858,662	94,642,162	2.42%	733.43
2003	138,244,808	49,290,610	88,954,198	2.17%	684.24
2004	213,565,920	101,288,391	112,277,529	2.60%	827.38
2005	246,413,293	130,656,169	115,757,124	2.49%	842.84
2006	277,530,127	148,202,168	129,327,959	2.52%	921.03
2007	319,166,935	181,853,346	137,313,589	2.32%	970.93
2008	331,365,201	173,624,303	157,740,898	2.28%	1,077.74
2009	340,680,382	166,871,496	173,808,886	2.14%	1,175.66

<sup>(1)</sup> See Table 14 for personal income and population data. This ratio is calculated using personal income and population.

<sup>(2)</sup> See Table 5 for total taxable assessed value. This ratio is calculated using total taxable assessed value.

# Direct and Overlapping Governmental Activities Debt

Charles County, Maryland Table 11

Jurisdiction	Total Debt Outstanding	Assessed Valuation <sup>1</sup>	% of Assessed Valuation to Countywide Total	Estimated Share of Total Direct & Overlapping Debt
our suite in the s	Outstarraing	, aradio.	10101	Overlapping Best
<u>Direct</u> Charles County	\$ 173,808,886	\$ 7,145,516,269	88%	\$ 164,170,604
Overlapping				
La Plata	9,585,316	733,710,713	9%	16,857,247
Indian Head	2,989,351	233,106,660	3%	5,355,703
Total Overlapping Debt	12,574,667	966,817,373	12%	22,212,949
Countywide Total	\$ 186,383,553	\$ 8,112,333,642	100%	\$ 186,383,553

<sup>1</sup> Countywide Total matches that of Table 5

# Legal Debt Margin Information

Charles County, Maryland Table 12 Last Eight Fiscal Years

Fiscal Year	Debt Limit_	Total Debt Applicable to the Limit	Legal Debt Margin	Total Debt Applicable to the Limit as a %of Debt Margin
2002 2003 2004 2005	\$ 673,146,151 709,156,861 756,060,241 371,241,886	\$ 83,692,162 138,244,808 213,565,920 114,830,067	\$ 589,453,989 570,912,053 542,494,321 256,411,819	14.20% 24.21% 39.37% 44.78%
2006 2007 2008 2009	409,808,991 473,428,556 554,262,492 648,986,691	129,327,959 137,313,589 157,740,898 173,808,886	280,481,032 336,114,967 396,521,594 475,177,805	46.11% 40.85% 39.78% 36.58%
Legal Debt Ma	argin Calculation for Fisc	cal Year 2009		
<sup>1</sup> Net Assessed	Value - Real Property		\$ 8,112,333,642	
<sup>2</sup> Debt limit 8.0	of Net Assessed Val	ue	648,986,691	
<sup>3</sup> Debt Applicab	ole to Debt Limit		340,680,382	
	ns allowed by law: f-supporting bonds		(166,871,496)	
Total Amount Debt Limit	of debt applicable		173,808,886	
Legal Debt Ma	argin		\$ <u>475,177,805</u>	

<sup>1</sup> Table 5

<sup>2</sup> Percentage based on County limit

<sup>3</sup> Table 10

## Demographic and Economic Statistics

Charles County, Maryland Table 13 Last Eight Fiscal Years

Fiscal Year	Population <sup>1</sup>	Personal Income	Per Capita Personal Income <sup>3</sup>	Median Age	School <sup>4</sup> Enrollment	Unemployment Rate <sup>2</sup>
2002	129,040	\$ 4,175,811	\$ 32,573	34	24,001	2.90%
2003	135,702	4,411,010	33,409	35	23,459	3.00%
2004	137,341	4,682,905	35,417	35	24,426	3.10%
2005	137,144	5,006,062	29,549	35	24,981	3.50%
2006	139,164	5,290,968	33,849	35	25,339	2.90%
2007	140,169	5,558,659	33,572	35	25,797	3.10%
2008	140,764	Not available	34,869	37	25,843	3.00%
2009	142,612	Not available	Not available	35	25,861	3.70%

<sup>1</sup> U.S. Census Bureau, 2002 - 2009 population figures are estimated

<sup>2</sup> Fiscal Year 2009 Budget Book

<sup>3</sup> Charles County Department of Planning & Growth Management, Maryland Department of Planning.

<sup>4</sup> Charles Co. Board of Education, Student Services

### Principal Employers

Charles County, Maryland Table 14

Fiscal	Voor	2000

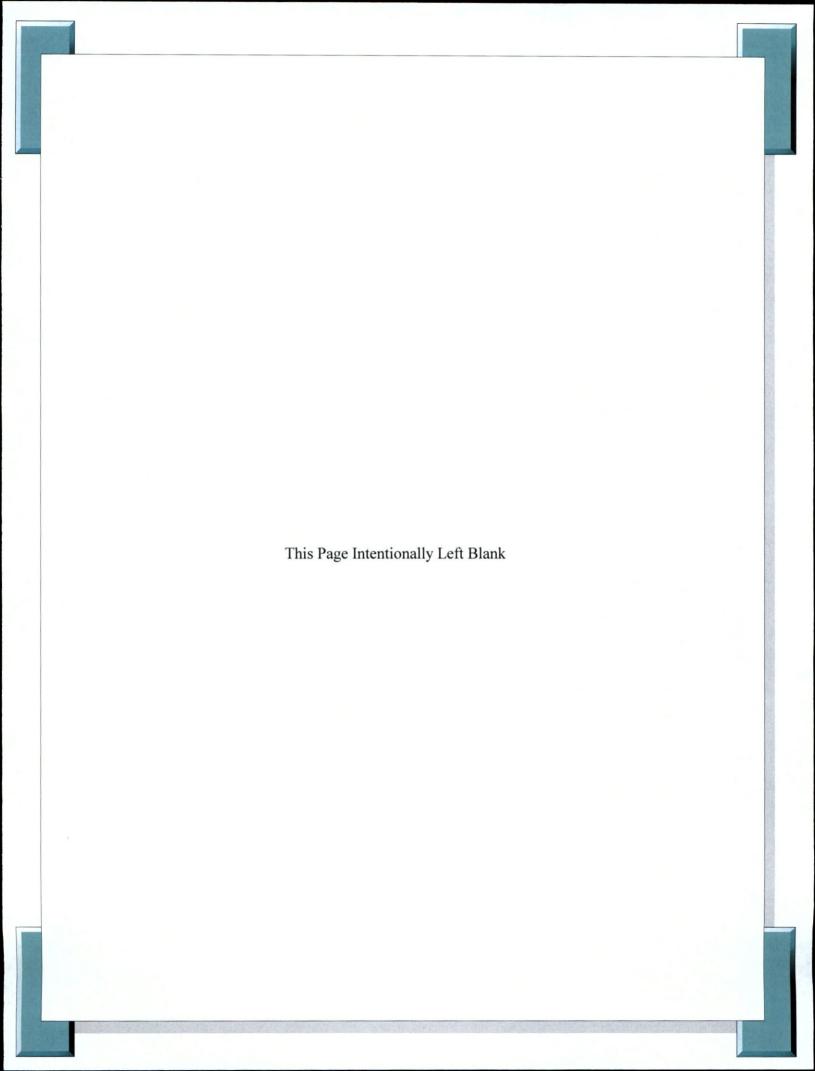
		Percentage
	Number of	of Total County
Employer	Employees1	Employment
Charles County Board of Education	3,519	4.97%
Naval Department of Defense at Indian Head	3,021	4.26%
Charles County Government	1,719	2.43%
College of Southern Maryland	1,090	1.54%
Civista Medical Center	805	1.14%
Wal-Mart	674	0.95%
Facchina Construction National Headquarters	480	0.68%
Target	467	0.66%
Reliable Contracting	420	0.59%
Southern Maryland Electric Cooperative	379	0.53%
Southern Maryland Oil/Wills Group	377	0.53%
Genesis Health Care	320	0.45%
Lowes	306	0.43%
Macy's	250	0.35%
Charles County Nursing Home	250	0.35%
Chaney Enterprises Headquarters	226	0.32%
Sears	220	0.31%
Keller Bus Service	206	0.29%
Total	14,729	
Total County Employment <sup>2</sup>	70,871	

Fiscal Year 2002

		Percentage
	Number of	of Total County
Employer	Employees <sup>1</sup>	Employment
Indian Head Naval Surface Warfare Center	2,900	4.50%
Charles County Board of Education	2,300	3.57%
Charles County Government	1,000	1.55%
College of Southern Maryland	700	1.09%
Southern Maryland Oil	700	1.09%
Civista Medical Center	650	1.01%
Southern Maryland Electric Cooperative	440	0.68%
Facchina Construction	400	0.62%
Wal-Mart	380	0.59%
American Community Properties Trust	350	0.54%
Chaney Enterprises	350	0.54%
The Hecht Company	350	0.54%
Sears	260	0.40%
Noslot Cleaning Services	250	0.39%
JC Penney	250	0.39%
Automated Graphics Systems	250	0.39%
Total	11,530	
Total County Employment <sup>2</sup>	64,498	

 $<sup>^{\</sup>rm 1}$  Charles County Economic Development Department as of December 2009 and 2002.

<sup>&</sup>lt;sup>2</sup> "State of Maryland, Civilain Labor Force, Employment and Unemployment by Place of Residence, December 2009 and 2002." Maryland Department of Labor, Licensing and Regulation.



# Full-time Equivalent County Employees by Function

Charles County, Maryland Table 15 Last Eight Fiscal Years

Function	2002	2003	2004	2005
Animal Control Services	17	18	18	18
Circuit Court				
	23	17	18	19
Community Services	57	62	60	60
County Attorney's Office	7	8	8	9
County Commissioner's Office	19	20	18	19
Detention Center	121	122	122	127
Economic Development	0	0	2	2
Emergency Services	34	40	45	57
Fiscal Services	33	33	33	30
Human Resources	8	8	8	7
Human Services Partnerhsip	8	7	7	9
Information Technology	15	19	19	19
Planning & Growth Mgmt	61	68	68	69
Public Facilities	180	198	199	213
Sheriff's Office	340	366	368	384
Soil Conservation	4	4	4	5
State's Attorney Office	31	32	32	32
Treasurer's Office	12	12	12	13
Utilities	114	122	120	119
TOTAL	1084	1155	1160	1209

2006	2007	2008	2009
20	20	23	23
19	20	23	23
70	70	56	58
10	10	10	10
20	28	29	32
155	156	159	160
8	8	8	8
80	103	112	114
31	25	34	34
8	7	8	9
9	9	9	10
22	22	24	24
72	78	90	94
219	218	272	322
416	432	466	473
5	5	6	6
31	31	31	31
13	14	14	15
127	127	127	119
1333	1382	1501	1565

## Operating Indicators by Function

Charles County, Maryland Table 16 Last Eight Fiscal Years

Function	2003	2004	2005	2006
Public Safety				
<sup>1</sup> Sheriff's Calls for Service	133,594	144,486	149,073	158,278
<sup>1</sup> Emergency Response Team Responses	363	423	493	614
<sup>1</sup> Bookings	10,563	10,385	10,793	11,520
<sup>1</sup> Drug Screening	1,902	1,496	1,154	1,064
Red Light Camera Citations Issued	3,837	4,498	4,329	8,982
Animal Control Calls for Service	7,001	8,986	10,458	9,592
Animal Shelter Population	12,134	13,564	13,114	13,453
Alarm System Registrations	9,014	9,991	10,944	12,136
False Alarm Calls	6,815	7,578	7,080	7,678
Fire/EMS Responses	41,001	38,737	38,549	35,630
911 Calls Received	68,410	66,579	171,470	66,601
Community Services				
Public Transit Routes	28	33	14	14
Service Miles	983,000	1,140,460	1,246,807	1,178,330
Senior Program Participation	4,217	4,794	6,135	6,634
Meals on Wheels Clients	248	228	266	271
Public Facilities				
Square Footage Maintained	854,836	869,611	888,904	920,686
Preventative Maintenance Performed	306	336	345	363
Athletic Leagues Maintained	50	53	55	55
Scheduled Games	6,100	6,200	6,400	6,900
Vehicle Maintenance Work Orders	5,949	6,275	6,712	7,432
Lane Miles Maintained	1,760	1,780	2,417	2,456
Water and Sewer				
Billing Invoices per year	100,502	102,674	106,567	109,089
New Accounts Set Up	819	587	541	587
Meters Replaced	1,738	897	818	665
Meters Read	97,555	99,728	104,036	104,369
Sewer Gallons Treated per Day	11,895,277	12,970,193	11,958,961	11,068,058
Holding Tank Program Gallons Pumped	1,145,800	1,081,300	1,004,600	830,500
Sludge Tons Treated	3,463	3,687	3,433	3,268
Water Gallons Pumped per Day	6,327,384	5,985,650	6,143,951	6,580,995
County Park Operations				
Rounds of Golf	27,531	29,396	30,058	30,150
Average Round ( per hour )	4.25	4.25	4.25	4.25
Recreation Programs				
Programs Offered	101	115	215	252
Solid Waste Management	25 222	F2 2 42	44425	(1.00:
Recycled Tons	37,200	53,342	44,635	61,984
Recycle Curbside Collection Tons	3,404	2,760	2,772	2,882
Landfill Tons	65,202	69,536	76,253	84,119

<sup>&</sup>lt;sup>1</sup> Based on Calendar Year

<sup>&</sup>lt;sup>2</sup> Projected

2007	2008	20092
174,306	187,000	191,841
585	629	1,077
12,535	12,669	12,187
1,117	1,072	1,404
18,334	18,583	13,822
9,219	11,390	9,800
12,865	10,729	10,100
13,359	14,351	15,400
7,778	8,133	8,200
36,712	37,594	38,722
68,384	67,383	69,404
14	14	15
853,753	1,019,086	1,066,086
6,909	6,950	6,950
246	250	250
924,335	936,575	936,575
356	392	395
56	57	59
7,433	7,523	7,600
5,948	5,899	5,900
2,555	2,610	2,630
111,938	117,497	115,343
791	506	418
521	614	850
106,962	108,200	110,000
12,355,207	12,500,000	12,700,000
837,500	835,000	835,000
3,356	3,400	3,500
6,526,757	6,814,533	6,802,219
30,255	30,200	30,500
4.25	4.25	4.25
275	265	275
_,		Section Committee
56,243	59,608	56,000
2,708	2,885	2,900
59,319	57,404	59,000

## Capital Asset Statistics by Function

Charles County, Maryland Table 17 Last Eight Fiscal Years

Function	2002	2003	2004	2005	2006
General Government					
Buildings	24	24	23	23	23
Vehicles	208	221	235	269	278
Public Safety					
Sheriff Stations	5	5	5	6	6
Detention Centers	2	2	2	2	2
Sheriff Patrol Vehicles	243	257	287	310	321
Other Sheriff Vehicles	10	10	10	18	19
K-9 Dogs	9	9	9	10	10
Mobile Communications Center	-	-	-	1	1
<b>Emergency Operations Vehicles</b>	6	6	6	7	10
Hazmat Vehicles	-		-	2	4
Animal Control Vehicles	7	7	6	9	10
Community Services					
Transportation Service Vehicles	11	12	14	14	15
Senior / Community Centers	4	4	4	4	4
Community Centers	9	9	9	9	9
Pools	4	4	4	4	5
Public Facilities					
Buildings	8	8	8	8	8
Roadways (miles)	1,720	1,760	1,780	1,819	1,850
Heavy Equipment	17	17	18	18	18
Water and Sewer					
Buildings	17	17	18	18	18
Wastewater Treatment Plants	6	6	6	6	6
Pump Stations	57	57	57	57	57
Wells	79	79	79	81	81
Heavy Equipment	14	14	14	15	15
Vehicles	76	85	114	97	89
Meters	97,262	95,758	98,043	101,639	104,157
County Park Operations					
Parks	18	19	19	19	19
Park Acreage	2,519	2,519	2,519	2,519	2,519
Golf Course	1	1	1	1	1
Skate Park	-	1	1	1	1
Concession Buildings	2	2	2	3	3
Vehicles	1	1	1	1	3
Recreation Programs					
Recreation/ Sports Centers	1	1	1	1	2
Solid Waste Management					
Buildings	6	6	6	6	6
Recycling Stations with Buildings	2	2	2	3	3
Heavy Equipment	24	25	27	27	27
neavy Equipment		<b>-</b>	- /	- /	

2007	2008	2009
23	25	25
282	295	302
,	-	-
6 2	7 2	7 2
361	413	422
13 11	15 14	16 14
1	1	1
11	16	16
5 9	7 10	5 9
,		
36	38	36
4	4	4
9 5	9 5	9 5
3	3	3
8	8	8
1,850	1,850	1,850
20	26	31
18 7	18 7	17 7
56	50	57
81	62	67
15 93	17 81	16 92
107,321	113,354	111,397
26	27	29
2,536 1	3,228 1	3,336 1
1	1	1
6 3	8	8
5	5	3
2	2	2
6	6	6
3	3	3
29 34	28 39	27 38

